AN INVESTIGATION OF THE ROLE OF LEADERSHIP IN STRATEGIC PLANNING

SEAN DEVENISH
8602255

Submitted in partial fulfilment of the requirements for the degree of

Masters in Business Administration

At the NMMU Business School

RESEARCH SUPERVISOR/MENTOR: PROF. Norman Kemp

November 30th, 2007 – Nelson Mandela Metropolitan University, Port Elizabeth, South Africa.
DECLARATION BY STUDENT

NAME: SEAN DEVENISH

STUDENT NUMBER: 860 2255

QUALIFICATION: MASTER IN BUSINESS ADMINISTRATION (MBA)

TITLE: AN INVESTIGATION OF THE ROLE OF LEADERSHIP IN STRATEGIC PLANNING.

DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

SIGNATURE: _________________________

DATE: 30th November 2007
ACKNOWLEDGEMENTS

I would like to extend a general thanks to all my family, friends, colleagues and Professors who have aided in stimulating and motivating the research.

I must also record my sincerest gratitude to the following people:

Especially to my wife, Tracy and family, for their patience, understanding and unwavering support.

My promoter, Professor Norman Kemp for his guidance, availability and knowledge.

This research paper is dedicated to Tracy.
Leadership and planning requires more strategic thinkers on all management levels in an organization. Historically, senior management does not effectively identify those leaders that possess the core traits and competencies to adequately influence the corporate culture by way of transformational and visionary leadership styles, so that it is aligned to the long-term strategy.

In this research the author first embarked on a theoretical study into leadership and the associated contingency models, which have lead to the emergence of new styles of leadership, such as transformational, situational and visionary leadership. Thereafter, successful strategy planning and implementation was investigated to determine which leadership styles did the literature reveal are more conducive to successfully executing strategy in adaptive and culturally diverse corporate cultures.

Thirdly, an empirical study was conducted to ascertain to what extent transformational and transactional leadership practices by South African firms are being adopted, and the amount of emphasis placed on the strategic thinking process between the leadership styles. Lastly, the data was analysed to explain the relationship between transformational and transactional leadership and strategic planning, and to make recommendations based on the research.
# TABLE OF CONTENTS

## CHAPTER 1

INTRODUCTION 1

1.1 MAIN PROBLEM 3

1.2 SUB-PROBLEMS 3

1.3 DEMARCATION OF THE RESEARCH 4

1.3.1 Strategic Leadership 4

1.3.2 Transformational and Transactional Leadership 4

1.3.3 Core leadership Competencies 5

1.3.4 Corporate Culture 5

1.3.5 Strategic Planning 5

1.3.6 Scenario Development 6

1.3.7 Management level 6

1.3.8 Size of the Organization 6

1.3.9 Geographical Demarcation 7

1.4 DEFINITION OF SELECTED CONCEPTS 7

1.4.1 Strategic Leadership 7

1.4.2 Transformational and Transactional Leadership 7

1.4.3 Leadership Competencies 8

1.4.4 Managing Strategic Planning 8

1.4.5 Corporate Culture 8

1.4.6 Scenario Development 9
1.5 Assumptions 9
1.6 The Significance of the Research 9
1.7 Overview of Related Literature 10
1.8 Research Design 11
  1.8.1 Methodology 11
  1.8.2 Literature Survey 11
  1.8.3 Empirical Study 11
1.9 Chapter Outlines 12
1.10 Conclusion 13

CHAPTER 2

What is Leadership? 14
2.1 Introduction 15
2.2 Leadership 15
  2.2.1 Leadership Styles 17
  2.2.2 Traits, Behaviours and Situations 18
    A.) Traits 18
    B.) Behaviours 19
    C.) Situations 20
2.3 Contingency Models 21
  2.3.1 Fiedler’s Contingency Model 22
  2.3.2 Hersey and Blanchard’s Situational Leadership Model 23
  2.3.3 House’s Path-Goal Model 24
2.3.4 The Vroom-Jago Contingency Model 26
2.3.5 The Leader Participation Model 26
2.3.6 Substitutes for leadership 27
2.3.7 Transformational and Transactional leadership 28

2.4 BASES OF POWER AND TRANSFORMATIONAL LEADERSHIP 31
2.5 COMPONENTS OF STRATEGIC LEADERSHIP 32
2.6 CORE LEADERSHIP COMPETENCIES 34
2.7 LEADERSHIP CHALLENGES IN THE SA POLITICAL AND ECONOMIC ENVIRONMENT 36

2.8 CONCLUSION 37

CHAPTER 3

STRATEGIC PLANNING AND CORPORATE CULTURE

3.1 INTRODUCTION 39
3.2 CRAFTING AND EXECUTING STRATEGY 40
3.3 SWOT ANALYSIS 42
    3.3.1 External Analysis 42
    3.3.2 Internal Assessment 42
    3.3.3 Strengths 43
    3.3.4 Weaknesses 44
    3.3.5 Opportunities 44
    3.3.6 Threats 44
3.4 PAYOFFS OF A STRATEGIC VISION 45
3.5 SCENARIO DEVELOPMENT AS A FUNCTION OF STRATEGIC PLANNING 45
3.6 CORPORATE CULTURE 46
3.7 CORE CHARACTERISTICS OF CORPORATE CULTURE 48
   3.7.1 Ubuntu 49
3.8 CONCLUSION 51

CHAPTER 4

DESCRIPTION OF THE EMPIRICAL STUDY

4.1 INTRODUCTION 52
4.2 GENERAL TOOLS 53
4.3 TECHNIQUES OF MEASUREMENT 53
4.4 MEASURING INSTRUMENT 54
   4.4.1 Question Format 54
   4.4.2 The Wording of Questions 55
4.5 INTERPRETATION OF DATA 56
4.6 CRITERIA FOR GOOD MEASUREMENT 56
   4.6.1 Validity 56
   4.6.2 Reliability 56
   4.6.3 Sensitivity 57
   4.6.4 Relevance 57
   4.6.5 Versatility 57
   4.6.6 Ease of Response 57
CHAPTER 1
AN INVESTIGATION OF THE ROLE OF LEADERSHIP IN STRATEGIC PLANNING

INTRODUCTION

Many people today are seeking to understand the concept and practices of leadership. Organizations are faced with uncertainties like never before; the concept of leadership is relevant to any aspect of ensuring effectiveness in organizations and in managing change.

According to Campbell, Stonehouse and Houston, (2004: 14), strategic thinking and leadership relate to the ability of the leaders of the organization to look into the future and to think creatively about its development. Leaders need to think beyond current operations so as to develop a “strategic intent” which shapes the future strategy and development, “stretching” it beyond its past and present achievements.

Analoui and Karami (2003: 198) state that a leader works with people at the different levels of the organizations and has to understand their needs, aspirations and expectations. Leadership is a people activity and a leader has influence on his or her people. A leader uses personal power rather than position power to manage the people with whom he works.

Very simply put, a leader is interpreted as someone who sets direction in an effort to achieve a specific outcome, and influences people to follow that direction. How they set that direction and influence people depends on a variety of factors that will be considered at a later stage.

Strategic leadership refers to leadership behaviours associated with creating organizational vision, establishing core values, developing strategies and a management structure, fostering organizational learning, and serving as a steward for them. Visionary leadership pertains to envisioning what the organization should
be like in the future, communicating the vision, and empowering followers to enact it (Harrison, 2003: 85 - 86). Hellriegel and Slocum (1996: 444) say that the particular competencies such as knowledge, skills and abilities that a person needs in order to lead at a particular time in an organization depend on a variety of factors. Often, the leadership style depends on the situation, including the life cycle of the organization.

The approach to strategy formulation will ultimately dictate the management and leadership style. In contrast, the managerial style and the degree of effectiveness of the senior managers involved can influence the nature of strategy formulation in organizations (Hendry, Johnson and Newton, 1993: 46 - 49). Strong leadership requires great courage, responsibility and humility.

De Kluyver and Pearce II (2003: 39) suggest that, “performance is linked to the strength of a company’s corporate culture. Common elements of strong culture include leaders who demonstrate strong values that are aligned with the competitive conditions; a company’s commitment to operating under pervasive principles that are not easily abandoned; and a concern for employees, customers and shareholders”.

Because culturally approved behaviour thrives and culturally disapproved behaviour gets squashed, company executives are well advised to spend time creating a culture that supports and encourages the behaviours conducive to excellent strategy execution (Thompson, Strickland and Gamble, 2005: 375).
1.1 MAIN PROBLEM

The objective of this research is to determine the extent to which strategic leaders are adopting a transformational leadership approach in order to positively enhance the strategic planning process within South African organizations.

How does the transformational leadership style impact on the outcome of the strategic planning process in an organization?

1.2. SUB-PROBLEMS

The following sub-problems have been identified so as to deal with the main problem and gain insight into the role that leadership plays in the strategic planning process.

1.2.1 Does the research literature reveal the existence of a significant relationship between transformational leadership and strategic thinking in South African Companies?

1.2.2 Does the research literature reveal the existence of a significant relationship between transactional leadership and strategic thinking in South African Companies?
1.3 DEMARCATION OF THE RESEARCH

The rationale behind the demarcation of the research is to prevent the research topic from becoming cumbersome and overbearing. The exclusion of certain relevant topics is no indication that they do not require additional research in the future.

1.3.1 Strategic Leadership

It has been argued that senior management’s beliefs, values and assumptions are of critical importance to the overall style of leadership that they adopt. The role of leadership in management is largely determined by the organizational culture of the company. For this reason, leadership will be focused on middle and senior management.

1.3.2 Transformational and Transactional Leadership

Real leadership involves transformation and learning on the part of follower and leader. As such it is more of a partnership, even though power imbalances exist.

While transactional leadership involves telling, commanding, or ordering and using contingent rewards. Transformational leadership is based on inspiring, getting followers to buy-in voluntarily and creating a common vision. Transformational leadership is what most of us refer to when we talk about great leaders in our lives and in society (Schermerhorn, 2005: 338).

The study will determine to what extent senior South African executives have adopted a transformational leadership approach in an attempt to better manage a historically and politically militant culturally diverse workforce into the 21st century.
1.3.3 Core Leadership Competencies

Leaders come from many different backgrounds, and successful organizations seek out people with leadership potential and expose them to experiences designed to develop their competencies. Helriegel and Slocum, (1996: 446) discusses five core competencies of effective leaders: (a) empowerment, (b) intuition, (c) self-understanding, (d) vision, and (e) value congruence.

A vision presents a challenge - it is an ambitious view of the future that requires employees to give their best. Many successful organizations don’t have short, easily communicated slogans, but their visions are powerful because leaders paint a compelling picture of where the organization wants to go. Strong, inspiring visions have been associated with higher organizational performance (Daft, 2005: 513).

To be effective at leading other individuals, one should have the core competencies plus certain other components to lead individuals.

1.3.4 Corporate Culture

Managing culture is another element of leadership. It is the entrepreneurial leader’s role to shape the organizational culture by setting example, the norms, standards and defining the values of the organization. Rossouw, Le Roux and Groenewald (2003: 167) state that managers often find it difficult to think that there could be a relationship between an organization’s culture and its strategy.

The study will highlight how the different leadership styles can affect the overall culture and strategies.

1.3.5 Strategic Planning

Strategic planning is a technique one can use to create a “blueprint” or “road map” for long-term direction, so as to achieve a favourable future and help an
organization to prosper. To create this favourable future, you must involve your organization's stakeholders, namely, anyone and everyone with a vested interest in achieving your organization's goals. Effectively communicating the vision is as important as the strategic soundness of the journey for which management has opted (Thompson, Strickland and Gamble (2005: 24).

This study will concentrate on strategic planning as an element of the strategic leadership process.

1.3.6 Scenario Development

Scenarios are stories about possible futures, which must have a simple vivid theme, which is logically consistent in itself, but differs materially from the other scenarios.

The research will determine how different leadership styles influence the development and incorporation of scenarios as part of the strategic planning process.

1.3.7 Management level

Senior and middle management will be the core focus of this study as they are historically responsible for the long-term planning and direction of the company. Middle managers have been included, as they will ultimately be promoted to senior management.

All other levels such as supervisory and lower management are excluded for the purposes of this research paper.

1.3.8 Size of the Organization

Medium to large organizations employing in excess of 200 or more employees will be used in this research project. The reasoning is that larger organizations have a
more diverse group of senior leaders with varying personality types, cultures, values and leadership styles who share in responsibility of formulating the strategic plans.

1.3.9 Geographical Demarcation

The empirical component of the research topic will be limited to organizations falling within the Eastern Cape; which includes the industrial areas of Port Elizabeth and Uitenhage.

1.4 DEFINITION OF SELECTED CONCEPTS

1.4.1 Strategic Leadership

Daft (2008: 511) defines strategic leadership as follows: “The ability to anticipate and envision the future, maintain flexibility, think strategically and initiate changes that will create a competitive advantage for the organization in the future”.

Dubrin (2004: 401) provides another perspective on strategic leadership in that it is the type of leadership necessary to effectively carry out strategic management. “Strategic management refers to the process of ensuring a competitive fit between the organization and its environment”.

1.4.2 Transformational and Transactional Leadership

The transformational leaders help bring about major, positive changes and moves group members beyond their self-interests for the good of the group, organization, or society. The focus on transformational leadership is on what the leader accomplishes, rather than on the leader's personal characteristics and his or her relationship with group members.

Transaction leadership is built on reciprocity, the idea that the relationship between leader and their followers develops from the exchange of some reward,
such as performance ratings, pay, recognition, and praise. It involves leaders clarifying goals and objectives, communicating to organize tasks and activities with the co-operation of their employees to ensure that wider organizational goals are met (Pots: 2006).

1.4.3 Leadership Competencies

Conceptual, interpersonal, technical, and communication skills are essential for managing. However, these skills alone are not sufficient for effective leadership; they simply provide the foundation for obtaining the other core competencies needed.

The Pocket Oxford Dictionary (1982: 162) defines competent as having adequate, knowledge, power and qualifications.

1.4.4 Managing Strategic Planning

When we refer to long term planning in a business, we inevitably become involved in strategic planning. (Analoui and Karami, 2003: 156) define strategic planning “as a continuing process and one by which business managers develop the firm’s business strategies, and maintain the firm’s competitiveness in the market”. Strategic planning centres on the setting of organizational objectives as well as developing and implementing plans designed to achieve these objectives as mentioned by (Campbell, Stonehouse and Houston, 2002: 14).

Effective strategy development implies a strong awareness of the resources and capabilities that an organization has at its disposal, or can develop or acquire, that will lead to a sustainable competitive advantage.

1.4.5 Corporate Culture

According to Kotler (1997: 67) culture can be defined as “the shared experiences, stories, beliefs and norms that characterize an organization”. Harrison and St John
(2004: 45) state that, “an organization culture can be its greatest strength or its greatest weakness. Organizational culture refers to the overall way the firm operates. It is the key component that gives any organization that elusive sustainable competitive advantage”.

1.4.6 Scenario Development

According to Katsioloudes (2007: 91), “scenario planning can be defined as a procedure that consists of developing, by tapping experts in the field, several alternative possible scenarios or state of affairs for the organization, its industry, or the economy in general”. These scenarios describe how the particular variables and contingencies that will determine the character of the particular future under consideration might behave under a range of different conditions”.

1.5 ASSUMPTIONS

It is assumed that certain leadership styles are more conducive to aligning and implementing strategy with corporate culture. It is also assumed that certain adaptive core leadership competencies and components will facilitate the strategic thinking process.

1.6 SIGNIFICANCE OF RESEARCH

Hendry, Johnson and Newton (1993: 205 -207) indicate that psychologists in the 1950s and 1960s devoted great energy in trying to identify the personality traits of the successful leader. The aim was to discover what differentiated leaders from followers. Others concentrated on task-orientated and employee-orientated leader behaviour and sought to locate leaders on the ‘autocracy-democracy’ scale, placed undue emphasis on personality at the expense of the situation in which leadership occurs.

Thompson, Strickland and Gamble (2005: 32 - 34) state that crafting a strategy, no matter how complex a task is substantially easier than successfully implementing
one. Strategy formulation is primarily an intellectual and creative act involving analysis and synthesis. Implementation is a hands-on, operations and action orientated activity that calls for leadership and managerial skills. Newly crafted strategy often entails a change in corporate direction and therefore frequently requires a focus on effecting strategic change.

Implementation is historically a top-management responsibility closing strategic capability gaps and making sure a company maintains strategic focus. Strategy formulation and implementation are linked through learning (de Kluyver and Pearce, 2003: 125-126). Grant (2002: 526) mentions, “New organizational structures and strategic priorities point to new models of leadership..... If the foundation of strategy is a sense of organizational identity, then a key role of top management is to clarify and communicate that identity”.

Although good leadership in today’s organizations calls for actively involving everyone in the organization, leaders are still ultimately responsible for establishing direction through vision and strategy (Daft. 2005: 535).

But what kind of leadership style works?

The results of this research will be analysed to place emphasis on the combination of leadership styles required by a transformational and transactional leader during the strategic planning process.

1.7 OVERVIEW OF RELATED LITERATURE

The survey of the literature will be conducted by first introducing it, and thereafter examining the importance of leadership and style, the core traits and finally strategic planning, according to the various leadership contingency needs models.

1.8 RESEARCH DESIGN
A methodology of literature and empirical studies will be detailed in the following section.

1.8.1 Methodology

In reply to the main objectives, the two subjects of leadership and strategic planning will be investigated separately and then in relation to transformational leadership and strategic thinking. The influence that senior and middle management need to exert on the corporate culture when implementing strategy and initiating change will be explored.

The following approach will be adopted to investigate and solve these important issues relating to senior leadership and the ultimate responsibility of the strategic planning process.

1.8.2 Literature Survey

An extensive literature study will be conducted into the more effective leadership styles and competencies that create strong corporate culture, which simultaneously facilitates the strategic planning process.

1.8.3 Empirical Study

The empirical study will consist of a mail survey using an electronic questionnaire. A questionnaire will be formulated by the researcher and e-mailed to the Human Resources and Senior Managers to ascertain whether there is a correlation between transformational and transactional leadership styles, strategic thinkers, and the impact they have on one another within corporations conducting business in the Eastern Cape Province.

(a) Measuring Instrument
An extensive questionnaire will be used to determine what level of transformational or transactional leadership corporate managers are adopting. Which are more prone to strategic thinking or implementation, as a greater need for visionary leadership comes into play during the strategic planning stage in the ever-changing South African business environment in the 21st century.

(b) Sample

The Port Elizabeth Chamber of Commerce will be approached to gain the name and addresses of member organizations within the Eastern Cape business fraternity.

(c) Statistical Analysis

The author will conduct statistical procedures and analysis.

1.9 CHAPTER OUTLINES

The research has been planned to include the following chapters:

**Chapter 1:** Problem statement and definition of concepts

**Chapter 2:** Contingency Leadership Models and Core Strategic Leadership competencies required for effective strategy formulation and implementation. The effective use of power in the transformational leadership role will be discussed.

**Chapter 3:** Theories on achieving a fit between strategic planning and corporate culture. Ubuntu is included as a component of the corporate culture and briefly discussed to emphasise the importance of adapting leadership in a multicultural African context.
1.10 CONCLUSION

Leadership is the process of influencing others towards the attainment of certain pre-defined goals. Leadership style refers to the methodology adopted by the leader to carry out the roles and responsibilities associated with the leadership function.

It is often suggested that leaders possess innate personal qualities that distinguish them from others: great man theory and trait theory express this idea. Other theories, such as behaviourist theories of leadership, suggest that leadership is defined by action and behaviour, rather than by personality. A related idea is that leadership style is not fixed but should be adapted to different situations, and this is explored in contingency theory and situational theory.

Transformational leadership is being recognised increasingly as a key set of attributes that enable leaders to share their vision, gain commitment and motivation from their team, and inspire performance. Transactional leadership is a vital component, but many in leadership positions struggle with the balance required to achieve continuing optimum performance.
CHAPTER 2

WHAT IS LEADERSHIP?

2.1 INTRODUCTION

Gray (2004: 76) believes that managing the performance of others is often characterized as “leadership”. Perhaps the commonest component of definitions found in the literature concerns exercising influence in one way or another. This is quite helpful since it implies that the exercisers of influence…. some ideas of their own about what they want to achieve, or what they want other people to do. In other words, they have vision, and are proactive in trying to turn that vision into reality by involving other people.

In the past, researchers have observed that leaders frequently behave according to the situation they are confronted with or find themselves in. That is, they adjust their leadership style depending on a variety of factors in the situations they face. In the following chapter a number of theories that define how leadership styles, follower attributes, and organizational characteristics fit together to enable successful leadership to be discussed. A thorough understanding of the contingency approaches can aid a leader in adapting his or her approach.

The contingency approaches seek to delineate the characteristics of situations and followers and examine the leadership styles that can be used effectively. Assuming that leaders can properly diagnose a situation and muster the flexibility to behave according to the appropriate style, successful outcomes are highly likely. Two basic leadership behaviors that can be adjusted to address various contingencies are task behavior and relationship behavior. Research has identified these two broadly defined behavior categories as applicable to leadership in a variety of situations and time periods.

A vital aspect of this chapter is that it highlights the fact that the most effective leadership approach depends on many factors. Many businesses are facing a
social, economic and political climate in which change is the only constant. For many, their inability to react timeously and appropriately changing external circumstances threatens their existence.

In the following chapter we touch on leadership in a general sense with regards to the influencing process of working with and through individuals to accomplish their goals and those of the organization. The type of leadership styles discussed can be perceived as the patterns of influence that is used with others. Leaders need to possess a few core competencies to be effective. Previous failures to find universal leader traits or behaviours that would always determine effective leadership led researchers in a new direction. The contingency models of leadership, which are based on the idea that the situation determines the leadership style, will be covered.

2.2 LEADERSHIP

True leadership provides a strong sense of purpose and which harnesses the creative energies of all the people in the business, it is a key ingredient to making strategic change effective and lasting. Daft (2005: 31) feels that the biggest challenge facing leaders today is the changing world that wants a paradigm of leadership to evolve to a new mindset that relies on human skills, integrity and teamwork.

Quite apart from the benefit and moral value of a benevolent approach to treating colleagues as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative (Schultz, Bagraim, Potgieter, Viedge & Werner, 2003: 53). While management and leadership are similar, there are some significant differences. Leading is an important part of managing, but not the whole of it. Leadership is the ability of one person to influence others to strive to attain goals or objectives. Management, while requiring the use of leadership, also includes the other functions of planning, organizing, staffing and controlling (Megginson, Byrd and Megginson, 2006: 274).
Rather than simply reacting to environmental changes, strategic leaders study the events that have already taken place and act to anticipate what these might mean for the future. Harrison (2003: 84) indicates that senior executive management has a significant impact on the strategies and performance of their organizations. Just as excellent leadership can have an enormous positive influence; poor leadership can have a powerful negative influence and create dissonance amongst employees.

Psychologists in the 1950s and 1960s devoted great energy in trying to identify the personality traits of the successful leader and motivator (Hendry, Johnson and Newton, 1993: 205-207). The leaders of an organization are the people who are responsible for formulating and implementing the strategy. They are the ones who decide what must be done, and then actually figuring out how they're going to do it. That involves having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and then being able to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats.

A fast changing and increasingly complex business environment requires visionary leadership, and leaders who are willing to learn, experiment and influence organizational change (Meyer, Botha 2000: 311). In this way we can define leadership in terms of two key constituents: knowing what should be done, and influencing others to cooperate in doing it.

White (2004: 612) advocates flexible plans capable of adjustment to suite changing environmental circumstances. The role of planning diminishes with the speed of change, youthfulness of an industry and the degree of competition. Harrison and St John (2004: 52) include strategic direction, which is defined in terms of a firm's vision of where it is heading, the businesses in which it is involved, and the stakeholders it serves. Leadership can be seen as the capacity to establish direction and to influence and align others toward a common goal, motivating and committing them to action and making them responsible for their performance.
According to Harrison (2003: 85), strategic leadership generally refers to leadership behaviours associated with creating organizational vision. Establishing core values, developing strategies and a management structure, fostering organizational learning, and serving as a steward for the firm. Harrison (2003: 84) indicates that senior executive management has a significant impact on the strategies and performance of their organizations. Just as excellent leadership can have an enormous positive influence; poor leadership can have a powerful negative influence.

2.2.1 Leadership Styles

The 21st century marketplace demands that executives be highly flexible, participative and, though they may not like it, extremely humble. Frequently it is the employees on the outer perimeter of an organization who are closer to the customer and who have some of the best ideas about opportunities, simply because they're out in the cold face.

Bourgeois and Brodwin (1984: 243-263) identified five distinct leadership approaches or styles and placed great emphasis on the leadership styles of companies expressed in the way they implement strategy. Their classification extends from the ‘commander’ (where strategy is forced down to lower levels) to the ‘coercive’ (where all managers contribute to strategy creation and implementation).

- **Commander-style leadership.** The CEO formulates strategy and then directs top managers to implement it.

- **Change-style leadership.** The CEO formulates strategy, and then plans the changes in structure, personnel, information systems, and administration required to implement it.

- **Collaborative-style leadership.** The CEO initiates a planning session with executive and division managers. After each participant presents ideas, the
group discusses and agrees to a strategy. Participants are then responsible for implementing strategy in their areas.

- **Cultural-style leadership.** After formulating a vision and strategy for the company, the CEO and other top-level managers mould the organization’s culture so that all organizational members make decisions that are consistent with the vision. In this approach, the culture inculcates organizational members into unity of purpose and action.

- **Coercive-style leadership.** Under this leadership model, lower-level managers are encouraged to formulate and implement their own strategic plans. The CEO’s role is to encourage innovation while still filtering out inappropriate programs. Unlike the other models, the Coercive model of leadership makes use of the creative energies of all members of the organization, which is consistent with the philosophy of Total Quality Management (TQM) that is influencing the global industry.

According to Hendry, Johnson and Newton (1993: 208) the main weakness of the earlier approaches to leadership was their search for almost universally applicable leader behaviour. Different eras produce different leadership needs where leaders have to adapt accordingly.

### 2.2.2 Traits, Behaviours and Situations

**A) Traits**

Instead of starting with exceptional individuals many turned to setting out the general qualities or traits they believed should be present. Many studies identified personality characteristics that appear to differentiate leaders from followers. However, other studies have found no differences between leaders and followers with respect to these characteristics, or even found that people who possessed them were less likely to become leaders’.

The first problem is that the early seekers after traits often assumed that there
was a definite set of characteristics that made a leader, regardless of the situation (Smit, de J Cronje’, Brevis and Vrba, 2007: 279).

As soon as we study the lives of people who have been labelled as great or effective leaders, it becomes clear that they have very different qualities. More recently, people have tried looking at what combinations of traits might be good for a particular situation. There is definitely some merit in the research. It appears to be plausible to link clusters of personality traits to success in different situations. The basic idea remains that if a person possesses these he or she will be able to take the lead in very different situations.

B) Behaviours

As the early researchers became less enthusiastic in their search for traits, they turned to what leaders did, how they behaved, especially towards followers. They moved from leaders to leadership. Different patterns of behaviour were grouped together and labelled as styles. This became a very popular activity within management training and conceivably the best known being Blake and Mouton’s Managerial Grid.

The researchers did not look properly at the context or setting in which the style was used. The following relevant questions were asked: Is it possible that the same style would work as well in a gang or sports team, and in a hospital emergency room? The styles that leaders can adopt are far more affected by those they are working with, and the environment they are operating within, than had been originally thought. It was difficult to say style of leadership was significant in enabling one group to work better than another.
C) Situations

Researchers began to turn to the contexts in which leadership is exercised and the idea that what is needed changes from situation to situation. Some looked to the processes by which leaders emerge in different circumstances. Others turned to the ways in which leaders and followers viewed each other in various contexts.

Most writers brought the idea of style with them, believing that the style needed would change with the situation. This was an indication that particular situations would demand particular forms of leadership. This placed a premium on people who were able to develop an ability to work in different ways, and could change their style to suit the situation.

What began to emerge was a contingency approach. The central idea was that effective leadership was dependent on a mixture of factors.

Aside from their very general nature, there are certain issues with such models. Firstly, there is a lot of evidence to suggest cultural factors influence the way that people carry out, and respond to, different leadership styles. By way of an example, some cultures are more individualistic, or value family as against bureaucratic models, or have very different expectations about how people address and talk with each other. All this has a definite impact on the choice of style and approach.

Secondly, there may be different patterns of leadership linked with men and women. Some have argued that women may have leadership styles that are more nurturing, caring and sensitive. They look more to relationships. Men are said to be more task orientated. However, there is a lot of debate about this, for example, women are more likely to be in positions of authority in people-oriented sectors, and this aspect of style is therefore more likely to be emphasized.
Thirdly, writers like Hersey and Blanchard “focus mainly on the relationship between managers and immediate subordinates, and say little about issues of structure, politics or symbols”. As our awareness of our own place in the making of leadership grows, we may be less ready to hand our responsibilities to others. We may also come to realize our own power:

2.3 CONTINGENCY MODELS

As previously mentioned, the most popular theories of leadership are trait oriented, behavioural, and contingency-situational theories. First, trait theories of leadership are based on the idea that leaders are born, not made, which should mean that they are able to carry out leadership in almost any situation. This used to be a very popular viewpoint. Although a leader’s behaviour was still examined, the central focus of the new research was the situation in which researchers were investigating traits or behavior that could improve performance and satisfaction to any or all situations (Daft, 2005: 81). The real root of the matter is that few consistent traits have been reliably identified.

Contingency perspectives on leadership are still founded in the notion that some people possess inherent qualities that make them more capable than other people of being leaders, but they acknowledge that these special leadership qualities need to be matched to the specific demands of the situation. Contingency means that one thing depends on other things; there must be appropriate fit between the leader’s behaviour, style and the conditions in the situation. According to those ideas, people who have leadership qualities possess first a realistic understanding of their own leadership skills (Gray, 2004: 77-79). Gray further stated that it is true that intelligence, self-confidence and a desire for power seem to feature quite often but these might simply be qualities that help people to achieve positions of influence, rather than useful attributes of leaders in themselves. Acknowledgement of these weaknesses in trait theory led to a modified version, known as contingency theory.
These contingency approaches explain the relationship between leadership style and effectiveness in specific situations and how the elements impact one another. The most influential models will be briefly presented. Hellriegel and Slocum (1996:445-471); Daft (2005:81-111); Smit, Cronje', Brevis and Vrba (2007: 279 - 286) have summarized them as follows;

2.3.1 Fiedler’s Contingency Model

Leaders can determine whether a situation is favourable to their style. Task-orientated leaders tend to do better in very easy or difficult situations, while person-orientated leaders do best in situations of immediate favourability. The key idea is simple: Match the leader’s style with the situation most favorable for his or her success.

Fiedler’s model presents the leadership situation in terms of three key elements that can be either favorable or unfavorable to a leader: the quality of leader-member relations, task structure, and position power. When subordinates distrust, do not respect, and have little confidence in the leader, leader-member relations are seen to be poor. When subordinates trust, respect, and have confidence in the leader, leader-member relations are considered to be good. Task structure refers to the extent to which tasks performed by the group are defined, involve specific procedures, and have clear, explicit goals.

When task structure is high, the situation is considered favorable to the leader; when low, the situation is less favorable. Position power is the extent to which the leader has formal authority over subordinates. Position power is high when the leader has the power to plan and direct their activities.

New research has continued to improve Fiedler’s model, and it is still considered an important contribution to leadership studies. However, its major impact may have been to stir other researchers to consider situational factors more seriously.
Fiedler’s model like any other, has its limitations, the situational variables are complex and difficult to assess. Skilled professionals or unskilled labourers could make a vast difference in determining the most appropriate leadership style. The model pays little attention to the characteristics of subordinates. The model is based on the assumption that the leader has the skills needed to direct subordinates’ efforts competently. Fiedler asserts that a leader cannot easily change his or her leadership style to fit a situation. When a leader’s style and the situation do not match, he argues, the situation, not the leader, should be changed to fit the leader’s style.

2.3.2 Hersey and Blanchard’s Situational Leadership Model

Hersey and Blanchard’s situational leadership model suggests that the levels of directive and supportive leader behaviour should be used on the level of readiness of the followers. People low in task readiness, because of little ability or training need a different leadership style than those who are high in readiness and have good ability skills, confidence, and willingness to work.

According to this theory, a leader can adopt one of four leadership styles, based on a combination of task and relationship behaviors. The four styles are telling, selling, participating, and delegating.

- The telling style reflects a high concern for tasks and a low concern for people and relationships, and is a very directive style. The leader gives explicit directions about how tasks should be accomplished.

- The selling style is based on a high concern for both relationships and tasks.

- The participating style is characterized by high relationship and low task behavior. The leader shares ideas with followers, encourages participation, and facilitates decision-making.
• The delegating style reflects a low concern for both tasks and relationships. This leader provides little direction or support because responsibility is turned over to followers.

The nucleus of Hersey and Blanchard’s situational theory is to select a style that is appropriate for the readiness level of subordinates, such as their degree of education and skills, experience, self-confidence, and work attitudes.

The model does have a few restrictions. It ignores factors such as the leader’s personality traits and power base that could influence a leader’s choice of style. Different employees are likely to be at different levels of readiness. The following question also needs to be asked, “Can leaders actually choose a leadership style when faced with a new situation?” In addition, the model does not distinguish among types of tasks and the reasons for low readiness. That is, are tasks routine, monotonous or varied, simple or complex?

2.3.3 House’s Path-Goal Model

Robert House developed another contingency model. House’s path-goal model indicates that effective leaders clearly specify the task, reduce roadblocks to task achievement, and increase opportunities for task-related satisfaction and improve performance. The leader’s responsibility is to increase subordinates’ motivation to attain personal and organizational goals.

The leader increases follower motivation by either:
(1) Clarifying the follower’s path to the rewards that are available or,
(2) Increasing the rewards that the follower values and desires.

Path clarification means that the leader works with subordinates to help them identify and learn the behaviors that will lead to successful task accomplishment and organizational rewards. The specific style of leader behaviour exhibited should be determined by two contingency variables: employee characteristics and task characteristics.
It consists of three sets of contingencies, namely, leader style, followers and situation, and the rewards to meet followers’ needs. Whereas the Fiedler theory made the assumption that new leaders could take over as situations change, in the path-goal theory, leaders change their behaviors to match the situation.

Similar to the other two contingency models, the path-goal model neglects to provide a single formula for the best way to lead. It stressed that, to be effective, a leader should select the style most appropriate to a particular situation and the followers’ needs. When tasks are routine and simple, employees will regard directions as unnecessary. Participative or supportive leadership is likely to increase satisfaction with the leader and with company policies even though the tasks are unsatisfying. In contrast, when tasks are non-routine and complex, directive or achievement leadership is more appropriate than supportive leadership. Participative leadership consults with subordinates about decisions.

Supportive leadership is similar to the consideration or people-orientated leadership. Leadership behaviour is open, friendly, and approachable, and the leader creates a team climate and treats subordinates as equals.

Directive leadership behaviour is similar to the initiating structure or task-oriented leadership style. Directive leadership tells subordinates exactly what they are supposed to do.

**Use of Rewards**

The leader’s responsibility is to clarify the path to rewards for followers, or to increase the amount of rewards to enhance satisfaction and job performance. In some situations, the leader works with subordinates to help them acquire the skills and confidence needed to perform tasks and achieve rewards already available. In others, the leader may develop new rewards to meet the specific needs of a subordinate.
Using the model to specify relationships and make exact predictions about employee outcomes seems complicated at first, but the four types of leader behaviour and the ideas for fitting them to situational contingencies provide a useful way for leaders to think about motivating subordinates.

2.3.4 The Vroom-Jago Contingency Model

The Vroom-Jago contingency model focuses specifically on varying degrees of participative leadership, and how each level of participation influences quality and accountability of decisions. This model starts with the idea that a leader faces a problem that requires a solution. Decisions to solve the problem might be made by a leader alone, or through inclusion of a number of followers.

The Vroom-Jago model is much applied, which means that it tells the leader precisely the correct amount of participation by subordinates to use in making a particular decision. The model has three major components: leader participation styles, a set of diagnostic questions with which to analyze a decision situation, and a series of decision rules.

2.3.5 The Leader Participation Model

The leader-participation model provides a set of rules to determine the amount and form of participative decision-making that should be encouraged in certain situations. The model employs five levels of subordinate participation making, ranging from highly autocratic to highly democratic. The model intimates that the effectiveness of a decision is gauged by both its quality and its acceptance. The model contains eight contingency questions and the five leadership styles.

Of the five decision styles, starting with the leader making the decision alone (Decide), presenting the problem to subordinates individually for their suggestions, and then making the decision. (Consult Individually), presenting the problem to subordinates as a group, jointly obtaining their ideas and suggestions, then making the decision (Consult Group), sharing the problem with subordinates as a group
and acting as a catalyst to help the group arrive at a decision (Facilitate), or delegating the problem and permitting the group to make the decision within prescribed limits (Delegate). The five styles fall along a continuum, and the leader ought to select one depending on the situation.

How does a leader decide which of the five decision styles to use? The appropriate degree of decision participation depends on a number of situational factors, such as the required level of decision quality, the level of leader or subordinate expertise, and the importance of having subordinates commit to the decision. The model suggests that a leader can adopt different leadership styles to meet the demands of different situations. Although they may know they should behave, they may lack the core leadership skills to adapt their behaviour to meet the specific situation.

### 2.3.6 Substitutes for leadership

Daft (2005: 81-111) says that the above contingency leadership approaches have focused on the leaders style, the followers’ nature, and the situations characteristics. The substitute for leadership approach concept recommends that leaders adjust their style to provide resources not otherwise provided in the organizational situation.

The approach suggests that situational variables can be so powerful that they actually substitute for, or neutralize the need for leadership. A substitute for leadership makes the leadership style unnecessary or redundant. A neutralizer counteracts the leadership style and prevents the leader from displaying certain behaviours. Situational variables include characteristics of the followers, the task, and the organization itself. By way of example, when subordinates are highly professional, such as engineers, both leadership styles are less important. The employees do not need either direction or support. With respect to task characteristics, highly structured tasks substitute for a task-oriented style and a satisfying task substitutes for a people-oriented style.
By distinguishing the characteristics of tasks, subordinates and organizations, leaders can determine the style that increases the likelihood of successful leadership outcomes. Effective leadership is about diagnostic skills and being flexible in one’s leadership behaviour.

Recent studies examined how substitutes (the situation) can be designed to have more impact than leader behaviours on such outcomes as subordinate satisfaction. The idea that substitutes for leadership can be designed in organizations in ways to complement existing leadership, act in the absence of leadership, and otherwise provide more comprehensive leadership alternatives. The leader can adopt a style complementary to the organizational situation to ensure that both task needs and people needs of followers are met.

2.3.7 Transformational and Transactional Leadership

Hellriegel and Slocum (1996: 470) maintain that many now believe that the type of leadership needed by top managers for tomorrow’s organizations is what has been labelled transformational. Transformational leadership is leading by motivating; transformational leaders provide extraordinary motivation to followers’ ideals and moral values and inspiring them to think about problems in new ways. Transformational leadership influence rests on their ability to aspire others through their words, visions, and actions. In essence, transformational leaders make tomorrows dreams a reality for their followers.

According to a web article by (Evans, 2005), to understand transformational leadership, we must differentiate it from transactional leadership. Transactional leadership is based on the exchange process where the leader administers rewards and sanctions. Either way, the leader and follower agree, explicitly or implicitly, that desired follower behaviors will be rewarded, while undesirable behaviors will draw out punishment. Potential rewards include an increase in salary, promotions, and more benefits. Conversely, penalties may include pay cuts, demotions, and terminations. It can be seen that this type of leadership is not satisfactory for most situations.
(Evans, 2005) mentions that transformational leadership, on the other hand, is concerned with engaging the hearts and minds of others. It works to help all parties achieve greater motivation, satisfaction and a greater sense of achievement. It requires trust, concern and facilitation rather than direct control. The skills required are concerned with establishing a long-term vision, empowering people to control themselves, coaching, and developing others and challenging the culture to change. In transformational leadership, the power of the leader comes from creating understanding and trust. In contrast, transactional leadership power is based much more on the notion of hierarchy and position.

Transformational leadership is thought to achieve remarkable levels of performance from followers. It engages followers by appealing to their upper level needs and ideals that yield higher levels of follower satisfaction, performance, and organizational commitment in individuals and teams (Bryant, 2003).

The idea of visions is closely liked to charisma because charismatic leaders inspire others with their vision, and a vision uplifts and attracts others. In formulating a vision, it is helpful to gather information from a variety of sources, including intuition, futurists, and group members. Charismatic and transformational leaders communicate their visions, goals, and directives in a colourful, imaginative, and expressive manner. Communication effectiveness allows for management by inspiration (Dubrin, 2004: 83-84).
Daft (2005: 513) mentions that the focus on transformational leadership is on what the leader accomplishes, rather than on the leaders’ personal characteristics and his or her relationship with group members.

Transformational leaders possess the personal characteristics of other effective leaders, especially charismatic leaders. In addition, a compilation of studies suggests seven qualities that are particularly helpful in enabling leaders to bring about transformations. Two key personality factors enhancing their charisma are agreeableness and extroversion, which combine to enhance their interpersonal relationships.

Brown and Harvey (2006: 443) make mention of Dunphy and Stace (1988: 317 – 334) in which they have identified a model of large scale strategies based upon three key dimensions: the time frame of the change, long or short; the level of support of the organizational culture; and the degree of discontinuity with the
environment. From these three dimensions, four process change strategies have been identified:

1. **Participative Evolution.** The incremental strategy is used to keep an organization in fit with its environment in anticipation of changes, when minor adjustments are needed, and when sufficient time is available. Such change is achieved by collaborative means with the support and participation of organization members.

2. **Charismatic Transformation.** This transformation strategy is used to accomplish radical change in a short time frame, with support from the organization’s culture. Sometimes, visions are brief, compelling and slogan-like. Easily communicated to and understood by everyone in the organization Daft (2005: 513).

3. **Forced Evolution.** This strategy is used to make minor adjustments over longer periods but without the support of the organization’s culture.

4. **Dictatorial Transformation.** This transformation change strategy is used in times of crisis, when a major restructuring is needed that may run counter to the entrenched interest of the internal culture. In these conditions, authoritative direction may be the only option to ensure organizational survival.

### 2.4 BASES OF POWER AND TRANSFORMATIONAL LEADERSHIP

Referring to the use of power can infer that people are being dominated, manipulated or coerced. Leadership is the exercise of the various types of power. Recognizing and managing it can be very healthy for organizations and personnel. Dubrin (2004: 195-197) refers to three sources of power that stem from characteristics or behaviours of the power actor, namely, expert power, referent power, and prestige power. All are classified as personal power, because they are
derived from the person rather than the organization. Expert power and referent power contribute to charisma.

Expert power is the ability to influence others through specialized knowledge, skills, or abilities. According to Osborne (2001: 51-54) one should start by looking at the nature of power in a little more depth. A basic truth about the nature of power is that it is essentially perceptual: a construct. Referent power is the ability to influence others through desirable traits and characteristics. Another important form of personal power is prestige power, the power stemming from one’s status and reputation. A manager who has accumulated important business successes acquires prestige power. Integrity is another to prestige power because it enhances a leader’s reputation. Executive identify executives who can readily be placed in senior positions because of their excellent track records, or prestige.

Ownership power according to Dubrin (2004: 197-199) is when executive leaders accrue power in their capacity as agents acting on behalf of the shareholders. The strength of ownership power depends on how closely the leader is linked to shareholders and board members.

2.5 COMPONENTS OF STRATEGIC LEADERSHIP

The approach to understanding the nature of strategic leadership will be to describe certain associated characteristics, behaviours and practices.

- **High-Level Cognitive Activity of the Leader**

Thinking strategically (Dubrin, 2005: 401-403) requires high-level cognitive skills, such as the ability to think conceptually, to absorb and make sense of multiple trends, and to condense all this information into a straightforward plan of action. The ability to process information and understand its consequences for the organization in its interaction with the environment is often referred to as system thinking.
A CEO, who might work with a twenty-five year perspective, would therefore need
to have greater problem solving abilities than a first-level supervisor, who would
typically have a weekly perspective. As one moves up the hierarchy, more
problem solving abilities and imagination is required to effectively handle the task
environment. To engage in strategic management and leadership, a person must
therefore have conceptual prowess.

- **Gathering Multiple Inputs to Formulate Strategy**

Strategic leaders are often thought of as mystics who work independently and
conjure up great schemes for the future. In reality, many strategic leaders arrive at
their ideas for the organization’s future by consulting with a wide range of
interested parties, in a process similar to conducting research to create a vision.

- **Anticipating and Creating a Future**

A major component of leadership is direction setting, which involves anticipating
and sometimes creating a future for the enterprise or organizational unit. To set a
direction is also to tell the organization what it should be doing. To set a productive
direction for the future, the leader must accurately forecast or anticipate that future.

To operate tomorrow’s organization; a truly visionary leader anticipates a future
many people do not think will come to pass. Creating the future is a more forceful
approach than anticipating the future. The leader, assisted by widespread
participation of team members, creates conditions that do not already exist. He or
she must ask questions about the shape of the industry in five to ten years and
decide how to ensure that the industry evolves in a way that is highly
advantageous to the company.

- **Revolutionary Thinking - Dubrin (2005: 405), using even stronger terms than
  reinventing the future, he makes reference to Gary Hamel, who
  characterizes strategy as being revolutionary. According to Hamel,
  corporations are reaching the limits of efficiency and productivity**
incremental improvements include squeezing costs, introducing a new product a few weeks earlier, enhancing quality a notch, and capturing another point of market share. These continual improvements enhance an organization’s efficiency and are therefore vital to a firm’s success, but they are not strategic breakthroughs or radical innovations.

- Creating a Vision - Visions are an integral part of strategic leadership. Although the term vision in relation to leadership has achieved common use status, it is really a multifaceted concept. Of major importance, the concept of a vision as involving far reaching strategic planning and the ability and willingness to share with others is widely supported. Innovative realism includes items considered important to visionary and charismatic leadership. A carefully considered and articulated vision helps us know who we are and who we are not. The vision also points to what we do successfully and what we do not, which activities we should take on and which activities we should avoid (Bryant, 2003).

2.6 CORE LEADERSHIP COMPETENCIES

Hellriegel and Slocum (1996: 447) show five core competencies possessed by effective leaders:

- **Empowerment** - When a leader shares influence and control with followers.

- **Intuition** - The abilities to scan a situation, anticipate changes, take risks, and builds trust are aspects of intuition.

- **Self-Understanding** - The ability to recognize a person’s own strengths and weaknesses.
• **Vision** - The ability to imagine different and better conditions and ways to achieve them is called vision. Having vision doesn’t always mean coming up with a striking.

• **Value Congruence** - Employees bring various values with them to the job and that these values don’t always coincide with the organizations. Value congruence is the ability to understand the organization’s guiding principles and employee’s values and reconcile the two.

According to the works of Daft (2005: 63) and Hellriegel and Slocum (1996: 440), transformational and individualized leadership reflects the actions of leaders who:

• Act to assure that their organizations are well positioned competitively.
• Think and act to exert strategic influence on their environments.
• Are proactive, foresee opportunities and put the resources in place to go after them.
• Are willing to experiment, take risks.
• Can generate creative options for action.
• Employ a broad-based style of leadership that enables them to be personally more flexible and adaptive.
• Entertain diverse and divergent views when possible before making major decisions.
• Are astute students of their environments.
• Build their organization’s capacities to learn, transform structure, change culture, and adapt technology.
• Stay knowledgeable of what their stakeholders want.

These qualities are not new in leadership, what is new is the extraordinary pressures leaders face to assist their organizations to adapt successfully at a time when the traditional models of leadership no longer work.
2.7 LEADERSHIP CHALLENGES IN THE S.A. POLITICAL AND ECONOMIC ENVIRONMENT

Various statistics indicate that the SA population has on average more than 75% are Blacks, about 12% are Whites, 9% Coloureds and 3% Indians. The diversity goes further on when one recalls that Blacks are divided into nine major different ethnics with distinct communities, cultural practices and of course languages: the Zulu (majority), the Xhosa, the South Sotho and North Sotho, the Tswana, the Venda, the Ndebele, the Swazi and the Tsonga. Amongst the Whites’ group are Afrikaans people (descendants of the original settlers, the Dutch Calvinist Boers or farmers), British origin people, and lots of other European origin people (Italians, Portuguese, Germans and French).

The South African economy is characterized by a transition period with increasing competitiveness requirements, the disappearance of trade protection and rapid technological changes. Like many other transitional economies, South Africa has been launched into the highly competitive global market place. According to Grant (2002: 526) “new organizational structures and strategic priorities point to new models of leadership…if the foundation of strategy is a sense of organizational identity, then a key role of top management is to clarify and communicate that identity”.

What we can conclude as relevant to strategic leadership in South Africa for the country to move to the next level, is that executives will need to emphasize long-term strategy, broader communication and adaptable leadership styles, in order to be successful in creating change within government and local organizations.
2.8 CONCLUSION

The literature set out several elements of a traditional view of leadership. It can be seen how previous authors have searched for special traits and behaviours and looked at the different situations where leaders work emerge. It is tempting to say that one leadership style is better than another for big or small business owners. Yet experience has shown that no one style is ideal at all times. Instead, the best approach depends on the situation and the characteristics of the people involved.

The contingency approaches were developed to systematically address the relationship between a leader and the organization. The contingency approaches focus on how the components of leadership style, subordinate characteristics, and situational elements impact one another. Fiedler’s contingency model, Hersey and Blanchard’s situational theory, the path-goal theory, the Vroom-Jago model, and the substitutes for leadership concept each examine how different situations call for different styles of leadership behaviour.

The notion of leadership is linked in several ways to the concepts of power and influence, and firms could hardly continue to exist if people within them did not exercise power and influence over other people. They have to comply even if they do not want to. Influence, on the other hand, leaves people with some choices. The exercise of influence is to do with both conscious and unconscious persuasion. Influence cannot guarantee compliance, but it can often achieve it through more subtle means.

Unless they are the brutal henchman type of turnaround managers, transformational leaders have the respect, confidence, and loyalty of group members. Intelligence, self-confidence and a desire for power seem to feature quite often but these might be simply qualities that help people to achieve positions of influence, rather than useful attributes of leaders in themselves.

Therefore, effective leadership is about developing diagnostic skills and being flexible in your leadership behaviour.
In the following chapter the author discusses how strategic leadership and change seeks an alignment among an organization’s strategy, structure, and human resource systems, and a fit between them and the organization’s environment.

Strategic change is a function of how well an organization manages these alignments.
CHAPTER 3

STRATEGIC PLANNING

3.1 INTRODUCTION

A strategic vision is a road map showing the route a company intends to take in developing and strengthening its business. It paints a picture of a company's destination and provides a rationale for going there.

Fairholms (2005: 105) views differ from those of Dubrin (2004: 404) as to which level of management is ultimately responsible for strategic planning. “The old idea that strategic planning should be done in an ivory tower is bankrupt”. Dubrin (2004: 401) states that strategic leaderships deals with the major purposes of an organization or an organizational unit, and thus differs more in level than in kind from leadership in general.

“One of the greatest difficulties facing the chief executive involved in creating a sound strategy for an organization is not the development of the strategy, but rather making the strategy have a real impact throughout the organization” (Hendry, Johnson and Newton, 1993:116). Campbell, Stonehouse and Houston (2002:193) state that strategy is related to planning and the future. Successful strategy selection and implementation relies upon the information obtained in the strategic analysis. It is important that the company is aware of its internal strengths and weaknesses and its external opportunities and threats. In order to successfully implement a strategy, an organization will need to work out how to resource it. How it will obtain the requisite finance, human resources and the plant, equipment and building. It should also reconfigure its culture and structure to ‘fit’ the proposed strategy.

We discuss strategic leadership separately because in practice, it is the duty of top-level executives. Strategic leadership is the process of providing the direction and inspiration necessary to create, provide direction to, or sustain an organization.
Strategic leadership is thus a complex of personal characteristics, thinking patterns, and effective management, all centring on the ability to think strategically.

Executives who seek input from all levels of their organization can build a knowledge base that allows them to formulate smarter strategy. Smart leadership can also help produce strong, healthy business cultures that make those strategies easier to implement. While autocratic leaders can help their companies make money, open-minded leaders are likely to help their companies make more money.

In the following chapter we cover strategic planning for individual businesses which entails the following activities: defining the business mission, analyzing the business’s external opportunities and threats, analyzing the business’s internal strengths and weaknesses, formulating goals, formulating strategy (which may include joining strategic alliances), formulating supporting programs, implementing the programs and gathering feedback and exercising control.

3.2 CRAFTING AND EXECUTING STRATEGY

Each organization’s experience with strategic management is unique, reflecting the organization’s distinct culture, environment, resources, structure, management style, and other organizational features. Managers use strategic planning as a management function to allocate resources to programmed activities calculated to achieve a set of goals in a dynamic, competitive environment (Harrison and St John, 2004: 4). Daft (2005: 513) visions are an important aspect of transformational leadership. Transformational leaders typically articulate visions that present a highly optimistic view of the future and express high confidence that the better future can be realized.

Harrison (2003: 85 - 86) limits the list of strategic issues from nine to a manageable number of three to enhance the chances of securing the commitment and resources necessary to effectively act on them. The following criteria can be used to identify crucial strategic issues: (a) The impact they could have on the
organization, (b) the likelihood that they will materialize, and (c) the time frame over which they could develop.

Campbell, Stonehouse and Houston, (2002: 193) suggest that crafting and executing a company’s strategy is a five-phase managerial process:

1. Developing a strategic vision of where the company needs to head and what its future product-customer-market-technology focus should be.
2. Setting objectives and using them as yardsticks for measuring the company’s performance and progress.
3. Crafting a strategy to achieve the desired outcomes and move the company along the strategic course that management has charted.
4. Implementing and executing the chosen strategy efficiently and effectively.
5. Monitoring developments and initiating corrective adjustments in the company’s long-term direction, objectives, strategy, or execution in light of the company’s actual performance, changing conditions, new ideas, and new opportunities.

Kotler (1997: 68) mentions that corporate headquarters has the responsibility for setting into motion the strategic planning process. By preparing statement of mission, policy, strategy, and goals, headquarters establishes the framework within which the divisions and business units prepare their plans. Some corporations give a lot of freedom to their business units to set their own sales and profit goals and strategies. Others set goals for their departments but let them develop their own strategies. Still others set the goals and get heavily involved in the individual business unit strategies.

All corporate headquarters must undertake four planning activities:

1. Defining the corporate mission
2. Establishing strategic business units (SBU’s)
3. Assigning resources to each SBU
4. Planning new businesses
3.3 SWOT ANALYSIS

Several authors (Kotler, 1997: 81 - 83; Schermerhorn, 2005: 224 – 226; Thompson et al, 2005: 89 - 97) suggest that leaders start with a scan of the internal and external environment as an important part of the strategic planning process.

Environmental factors internal to the firm can usually be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis. (Schermerhorn, 2005: 224)

3.3.1 External Analysis

A key premise of strategic management is that plans must be made on the basis of what has happened, is happening, and will happen in the world outside the organization with a focus on the threats and opportunities these external changes present to the organization. The external environment includes social, technological, economic, environmental, and political trends and developments.

There are two major reasons for beginning with an external analysis. First, this analysis will have implications for organizational change and development. Second, by having leaders from all functional areas of the organization involved in the analysis, it should be easier to obtain their cooperation in making adjustments in response to the external analysis.

3.3.2 Internal Assessment

Kotler (1997: 81 – 83) states that we must understand why the organization has succeeded in the past, what it will take to succeed in the future, and how it must change to acquire the necessary capabilities to succeed in the future. To do this, one must use the following criteria to identify crucial strategic issues: (a) The impact they could have on the organization, (b) the likelihood that they will materialize, and (c) the time frame over which they could develop.
• Evaluate the organization's capacities, its management, and program operations.
• Evaluate the organization's resources, people, money, facilities, technology, and information.
• Review the organization's current capacities and future needs.
• Compile a list of the strengths and weaknesses that will have the greatest influence on the organization's ability to capitalize on opportunities.

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan:

![SWOT Matrix Diagram]

Source: Adapted from http://www.tutor2u.net/business/strategy/SWOT_analysis.htm [Online].

3.3.3 Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include: patents.
Strong brand names good reputation among customers cost advantages from proprietary know-how exclusive access to high-grade natural resources favourable access to distribution networks (Thompson et al, 2005: 89 - 97).

### 3.3.4 Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses: lack of patent protection, weak brand name, poor reputation among customers, high cost structure, lack of access to the best natural resources, lack of access to key distribution channels. In some cases, a weakness may be the flip side of strength (Schermerhorn, 2005: 224 – 226; Thompson et al, 2005: 89 - 97).

Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

### 3.3.5 Opportunities

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include: An unfulfilled customer need, arrival of new technologies, loosening of regulations and the removal of international trade barriers

### 3.3.6 Threats

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:
Shifts in consumer tastes away from the firm’s products, emergence of substitute products, new regulations and increased trade barriers (Kotler, 1997: 82).
3.4 PAYOFFS OF A CLEAR STRATEGIC VISION

(Thompson et al, 2005: 25 -26) Strategic planning centres on the setting of organizational objectives as well as developing and implementing plans designed to achieve these objectives. According to Campbell, Stonehouse and Houston (2002:14) effective strategy development implies a strong awareness of the resources and capabilities that an organization has, or can develop, or acquire that will lead to a sustainable competitive advantage.

Thompson et al, (2005: 25 -26) summarizes the payoffs as follows:

- Crystallizes an organization’s long-term direction.
- Reduces risk of rudderless decision-making.
- Assists in gaining support of organizational members for changes to make the vision a reality.
- Helps keep strategy-related actions of managers on common path.
- Helps an organization prepare for the future.

The information revolution has taken some old-time sources of competitive advantage, technology, manufacturing processes, and others, out of the equation. So more than ever, leadership, strategy and culture are important to a company’s success.

3.5 SCENARIO DEVELOPMENT AS A FUNCTION OF STRATEGIC PLANNING

Strategic planning was pioneered by General Electric in the 1960s, widely adopted in the corporate world in the 1970s, and introduced to educational organizations in the early 80s. In the 1970s, however, when strategic planning was being widely applied, external events were still viewed as relatively stable and planning was typically retrospective, or, at best, present oriented. Sunter and Ilsbury (2004: 7) make reference to the terrorist attacks on the World Trade Centre at 8:45am, September 11, 2001. “Nothing could have demonstrated the power of scenario planning, more effectively than this terrible tragedy”. 

45
In preparing business scenarios, important rules to keep in mind are changing demographic and technological advances, which either become threats or opportunities. Scenarios provide the link to get you from the key uncertainties to the options available (Sunter and Ilsbury, 2004: 61 - 89).

According to Ringland, (2002: 126) “scenarios were thought of as a management development tool, as a way of creating shared vision as well as better plans, in a number of organizations, and those who started by concentrating on the scenarios for portfolio management found this to be a valuable spin-off. The future is always uncertain. A major source of change in the world today is the adoption of information technology. But the successful organizations, with any approach, are those, which have found ways of looking for early warning signs that current assumptions may become invalid.

Fairholm (2003: 104) mentions the following in terms of linking strategy to scenario planning and highlights the three different roles. One is the “wind-tunnel” role, of examining particular options, given a set of potential investments. This is normally used within a particular business. The second is the strategy evaluation role, in which the analysis based on historic or current data is evaluated in the light of trends or uncertainties. The third role is strategy development, in which a portfolio of business is evaluated under the scenarios for a future date, and the necessary actions planned, namely, improvement of capability, or investment in markets of divestment of business to improve the overall portfolio.

Thinking of scenarios in the context of the strategic planning cycle, it is clear that the role of scenarios is within the “Strategic Options and Intent Bubble” (Ringland, 2002: 128).

3.6 CORPORATE CULTURE

What is culture? Culture is a company’s value system. Why is culture important for small businesses success? A competitor can duplicate everything the firm does, but they cannot duplicate the firm’s culture. Competitors can duplicate the
firm’s pricing strategy, marketing and advertising tools, but they cannot behave as the firm does. Culture is everywhere in the organizations (Rinke, 1998: 17).

Managing culture is another element of leadership. According to Rinke, (1998: 17) it is the entrepreneurial leader’s role to shape the organizational culture by setting example, the norms and standards and defining the values of the organization. The culture of your organization can either support your strategy or work against it as a significant barrier. All organizations have a subjective or invisible culture that will influence your success or failure. You may have a culture that stops the forward progress of a change initiative while the same initiative in another company is implemented quite easily. Experts estimate that between fifty and seventy percent of all reengineering efforts fail, often because a culture does not accept new approaches.

Brown and Harvey (2006: 436) mention that the leadership style of top management, the norms, values, and beliefs of the organization’s members combine to form the corporate culture. Creating a culture that achieves organizational goals and at the same time satisfies member needs can increase organization effectiveness. The CEO’s words alone do not produce culture, the actions of managers do; a corporation’s culture can be its major strength when consistent with its strategies.

Organizational culture supports and creates an environment in which to implement the developed strategy successfully; therefore the role of the leader is crucial in creating such a supportive culture in the firm. Thompson, Strickland and Gamble (2005: 369) “Corporate culture refers to the character of a company’s internal work climate and personality as shaped by its core values, beliefs, business principle, and traditions, ingrained behaviours and style of operating…. the key component that gives any organization that elusive sustainable competitive advantage”.

The difference between desired and actual values and behaviours is called the culture gap. Organizations can be much more effective when the culture fits the external environment. Many organizations have some degree of culture gap,
though leaders often fail to realize it. An important step toward shifting the culture toward more adaptive values is to recognize when people are adhering to the wrong values or when important values are not held strongly enough (Mallak, 2001: 18-24).

Culture gaps can be immense, particularly in the case of mergers. Despite the popularity of mergers and acquisitions as a corporate strategy, many fail. Almost one-half of all acquired companies are sold within five years, and some experts claim that 90 percent of mergers never live up to expectations. One reason for this is the difficulty of integrating cultures (Harare, 200: 53-56; Lefkoe, 113-114).

The corporate culture reflects the organization’s past and is often deeply rooted in its history and mythology. The corporate culture influences how managers approach problems, react to competition and implement new strategies.

3.7 CORE CHARACTERISTICS OF CORPORATE CULTURE

According to Brown and Harvey (2006: 437) there is widespread agreement that organizational culture refers to a system of shared values held by members that distinguishes one organization from another. An organization’s culture may be described by a set of core characteristics that include:

- Individual autonomy. The degree of responsibility, independence and opportunities for exercising initiative for members of the organization.
- Sensitivity to the needs of customers and employees. The degree of responsiveness to changing needs.
- Support. The degree of assistance and warmth provided by managers.
- Interest in having employees initiate new ideas. The degree to which employees are encouraged and empowered to come up with better quality and productivity suggestions.
- Openness of available communication channel. The degree of freedom of communication between members and teams and levels.
• Risk behaviour. The degree to which members are encouraged to be aggressive, innovative, and risk seeking.

By combining these characteristics, a composite picture of the organization’s culture is formed. The culture becomes the basis for the shared understanding that members have about the organization, how things are done, and the way they are supposed to behave. Managers often have a difficult time recognizing the relationship between culture and the critical performance factors on which excellence depends. Managing the culture-strategy relationship requires sensitivity to the interaction between the organization’s culture and the changes necessary to implement the new strategy (Rossouw, Le Roux and Groenewald, 2003: 169).

3.7.1 Ubuntu

Ubuntu is an indigenous African philosophy of humanism and co-existence. It represents a way of life based upon self-respect and respect for others as human beings, the latter becoming the source for finding one’s own humanity. Ubuntu therefore implies knowledge and understanding of the people within a specific society.

According to (Mbigi and Maree, 1995:58) the Ubuntu desire for consensus also has a potential dark side in terms of which it demands an oppressive conformity and loyalty to the group. Failure to conform will be met by harsh punitive measures. Such a derailment of Ubuntu is, of course, quite unnecessary. The process of nation building in post-apartheid South Africa does not, for example, require universal sameness or oppressive communalism. What it does require is true Ubuntu. It requires an honest appreciation of differences and an authentic respect for human, individual and minority rights.

The challenge of affirming unity while valuing diversity is at the centre of the still raging debate amongst African philosophers concerning the appropriateness of Western style multi-party democracy in African societies (Osha, 2005: 93).
The Ubuntu philosophy and the community concept of the corporation have significant practical implications for corporate life. There is a compelling need for South African companies to build a new corporate identity grounded on the integration of the diverse cultural forces.

The main obstacles and barriers to building a corporate multicultural identity in South African organizations could first be mental barriers, which tend to find an expression in the implicit (norms, values, perception of the others) and explicit (management styles) behaviours.

This calls for a strategy to manage cultural diversity that would build an acute awareness and understanding of commonalities and differences of cultural preferences of the diverse cultural forces present in the organization.

Like the personality of a person, the culture of an organization is not something that is readily apparent at first glance. But after one becomes familiar with it, you begin to see the shared beliefs and unwritten ground rules that determine the ways in which your organization and its people behave.

It is presently the authors’ view that Ubuntu will not survive the demanding and stressful processes of urbanization and commercialization in a growing multicultural business environment. As long as the new and old perceptions of structural imbalances and racism persist amongst the majority of South Africans, the spirit of Ubuntu in the broader South African society would be extremely problematic to implement.

3.8 CONCLUSION

Based on the above discussion, we can conclude that strategic planning is knowing what should be done, and influencing others to cooperate in doing it. Strategic planning for individual businesses entail the following activities: defining the business mission, analyzing the business’s external opportunities and threats, analyzing the business’s internal strengths and weaknesses, formulating goals,
formulating strategy, formulating supporting programs, implementing the programs and gathering feedback and exercising control.

I find that, in many South African businesses, "leadership" still tends to be centered around "authoritarian" or "draconian," based as it is on the traditional hierarchical model of organisation. Neither of the models is conducive to good leadership or really strong relationships within the business. They tend to be generally divisive and destructive of motivation, and executives tend to build protective boundaries around themselves and their close colleagues.

It is necessary for more internal leaders to take responsibility for strategic planning. The challenge in strategic planning is to turn leaders into strategic thinkers.
CHAPTER 4

DESCRIPTION OF THE EMPIRICAL STUDY

4.1 INTRODUCTION

Regardless of whether you conduct basic or applied research, two criteria should be kept in mind. First, the problem should address an important question, and second, it should advance the frontier of knowledge. A problem exists when the decision maker faces uncertainty as to which action to adopt.

The main problem to be researched was to determine the extent to which leaders in South Africa are adopting a transformational leadership approach in order to positively enhance the strategic planning process as more companies attempt to align strategy with corporate culture. The following sub-problems surfaced and need to be scrutinized as part of the research.

- Does the research literature reveal the existence of a significant relationship between transformational leadership and the strategic thinking and planning process?
- Does the research literature reveal the existence of a significant relationship between transactional leadership and the strategic thinking and planning process?

All too often, research is incorrectly perceived to merely be the transfer of previously known facts from one place to another and incorporating them into an extended, footnoted paper. Instead, one must actually attempt to answer a question that has never been answered before and, in the process, discover something new and unique.

According to Leedy and Orman (2005: 2) "Research is a systematic process of collecting, analyzing, and interpreting data in order to increase our understanding
of the phenomenon about which we are interested…we intentionally set out to enhance our understanding of a phenomenon.

Applied or formal research is undertaken with the goal of uncovering data to solve an existing problem that has created uncertainty. A research project generally has the following characteristics:

Research originates with a question or problem, which is usually divided into sub problems. It requires clear articulation of a goal with a specific plan before proceeding. Critical assumptions are made prior to the collection and interpretation of data whilst attempting to resolve the issue.

The researcher will explain the survey method used and the construction and format of the questionnaire. The theoretical basis of research will be covered and then a description of the actual research design in terms of the theoretical basis will be reflected upon.

4.2 GENERAL TOOLS

Leedy and Ormrod (2005: 13) discuss the following six general tools of research:

1. The library
2. The Computer and its software
3. Techniques of measurement
4. Statistics
5. The human mind
6. Language

A research tool is a specific mechanism or strategy the researcher uses to collect, manipulate and to interpret data.

4.3 TECHNIQUES OF MEASUREMENT

Most researchers will strive for objectivity by identifying a systematic method of measuring a phenomenon being studied. The majority of people view
measurement in terms of objects such as rulers, gauges, measuring bowls and scales; however, according to Mock and Grove (1979:20), “a measurement scale can be defined as a plan that is used to assign numbers to characteristics of objects”.

Leedy and Ormrod (2005:21) say that measurement is the limitation of data be it substantial or unsubstantial, so that the data may be analysed and interpreted and compared to acceptable qualitative or quantitative standards. Substantial measurements include the things that have an obvious basis in the physical world, whereas insubstantial measurements will include concepts, ideas, opinions, feelings, and other intangible entities.

4.4 MEASURING INSTRUMENT

An extensive electronic questionnaire will be used to determine what leadership style corporate managers have been adopting and to ascertain which leadership styles they need to adopt, so as to effectively lead and positively influence the strategic thinking and planning stage, prior to implementing the chosen strategy.

4.4.1 Question Format

Two basic question formats are used in survey research, namely, open and closed questions. If the question is designed to test the presence or absence of a particular behaviour, a closed question format is appropriate. Open format questions are used when the question is designed to test opinions and extent of knowledge.

A well-constructed closed question is preferable to an open question. Subsequently, closed format questions were used throughout the questionnaire, thus, only closed format questions will be discussed in any detail.
4.4.2 The Wording of Questions

According to Luck and Rubin (1987: 191-194), certain basic should be adhered to when selecting the wording of questions:

- The use of good language and grammar does not necessarily exclude bias and errors in questions.
- Questions should be formulated in specific terms and it is necessary for the researcher to be familiar with the respondent's personal world.
- The language competence of respondents should be considered.
- Ambiguous, hypothetical and vague questions should be avoided.
- Leading and loaded questions that lead the respondent in the directions of a specific answer should not be used.
- Whether the researcher uses personal or impersonal questions should be guided by the purpose of the investigation, the nature of the information desired and the characteristics of the population.
- Biased wording of questions. Choice of words in questions is a major source of bias. Controversial words, superlatives and slang words should be avoided (Leedy and Ormrod, 2005: 198)). If the principles of questionnaire construction are ignored, bias may enter the data and cast doubt on the validity of the research.
- The bias influence of non-respondents. If the non-respondents had completed the questionnaire they may have responded differently to those who completed the questionnaire. To infer for the whole population, without taking into account the positive contaminating effect of non-respondents, would introduce bias into the data (Kress (1982: 101).

The researcher cannot prevent bias from influencing the data. However, the researcher should acknowledge that bias may have affected the research and should make every effort to minimise the influence of bias (Leedy, 1993:215).
4.5 INTERPRETATION OF DATA

Kress (1982: 281) says, “Once the data have being analysed, these various bits of “new information” are related to one another or to other existing information”. In doing so, the changing of the “new information” through interpretation into information that is pertinent to the study.

Interpreted data has been transferred into small discoveries, revelations, enlightenments and insights that are entirely new to the researcher. Measurement is a tool by which data may be inspected, analysed, and interpreted so that the researcher may probe the meaning that is yet to surface.

4.6 CRITERIA FOR GOOD MEASUREMENT

Although Leedy and Ormrod (2005: 28) discuss the importance of (A) Validity and (B) Reliability of a measuring instrument. Luck and Rubin (1987:147) include four additional objectives (C) sensitivity, (D) relevance, (E) versatility, and (F) ease of response.

4.6.1 Validity

Leedy and Ormrod (2005: 29) defined validity in the following fashion. “An instrument is valid when it measures what it is supposed to measure; but since attitudes are elusive, attitude scale of validation is difficult”. This is especially so, when we are measuring insubstantial phenomena.

Research studies must have validity to be scientific; their data are dangerous decision inputs when they are invalid.

4.6.2 Reliability

Generally, reliability is the property of producing consistent results when certain methods are repeated. If replication of the same technique did not yield the same
measurements as the first data gathering, when the entity being measured has not changed, would indicate that it is marred by random errors. In other words, reliability is a necessary but insufficient condition for validity - it is also very desirable (Leedy and Ormrod, 2005: 28).

4.6.3 Sensitivity

Sensitivity is the ability of a measurement to indicate changes or differences. Research yields nothing significant and is wasted when data lacks sensitivity.

4.6.4 Relevance

Unless the measurements obtained are perceived to be relevant to the phenomena, the projects effects are in doubt.

4.6.5 Versatility

Robustness of the measurements for various statistical interpretations is a desired goal, especially for drawing maximum meaning from them.

4.6.6 Ease of Response

The fate of a study is substantially in the hands of the persons or respondents who will supply the data. If they are discouraged and repelled by difficulties in replying or making serious misjudgements, the study is in a quandary (Luck and Rubin, 1987:147).

4.7 CONSTRUCTION OF THE QUESTIONNAIRE

Leedy and Ormrod (2005: 190) conclude that constructing a questionnaire is a tricky business and provide the following twelve guidelines:

- Keep the questions short.
• Use simple, clear, unambiguous language.
• Check for unwarranted assumptions implicit in your questions.
• Word your questions in ways that do not give clues about preferred or more desirable responses.
• Check for consistency.
• Determine in advance how you will code the responses.
• Keep the respondent’s task simple.
• Provide clear instructions.
• Give a rationale for any items whose purpose may be unclear.
• Make the questionnaire attractive and professional looking and conduct a Pilot Test.
• Scrutinize the almost - final product carefully to make sure that it addresses your needs.

Above all, one should ensure that every question is essential and addresses the research problem.

4.8 QUESTIONNAIRE FORMAT

Two types of questions were used by the researcher to measure behaviour, opinions and attitudes.

An electronic questionnaire was designed with the intention that it would not take the respondent longer than nine (9) minutes to complete. The first section of the questionnaire consisted of 10 pairs of statements, which were weighted; the second section consists of 10 questions using the Rensis Likert rating scale (Leedy and Ormrod, 2005: 185).
4.9 STATISTICS

A major problem confronting researchers is determining which statistical test is the appropriate one to use. They can be a powerful tool when used for the specific kinds of data and questions for which they are intended, and misleading when used erroneously.

Statistics provide us with the information so as to reveal the meaning behind the data; however, it cannot capture all the nuances of the data. The data in its entirety must be used to resolve the research problem to discover the meaning and relevance to the problem. Kress (1982:294) statistical tests are generally used to test specific statements in the hypothesis the researcher wishes to either accept or reject based on the data collected. The primary function of statistics is to assist the researcher (1) describe the data and (2) draw conclusions from the data.

4.10 CONCLUSION

The voids in our knowledge and those unresolved issues could be addressed by asking pertinent questions and then seeking answers through systematic research. The several tools of research facilitate in deriving conclusions from a body of data in ones quest to discover the unknown.

The researcher explained the survey method adopted and the construction and format of the questionnaire. The theoretical basis of research design was discussed and then a description of the actual research design in terms of the theoretical basis was deliberated. The manner in which the electronic survey was to be conducted, and possible sources of bias in the research design were also contemplated.

The problem and sub-problems is the core around which the entire research effort revolves and is paramount to the success thereof. It cannot be
overemphasized that if the problem is not correctly selected and precisely stated: time, energy and resources can be wasted and misdirected.

A good literature review does not merely report the related literature, it also evaluates, organizes, and synthesis what others have done, thereby contributing something new to the knowledge in the field. In chapter 5 the results of the empirical study will be presented and discussed.
Chapter 5

RESULTS AND OUTCOMES OF THE EMPERICAL STUDY

5.1 INTRODUCTION

In the following section the methodology will be described: The objective of the research is to ascertain how strategic thinking and leadership relate to the ability of the leaders of the organization to look into the future and to think creatively about its growth.

Questions related to strategic planning, future changes, communication, motivation, power aspects of leadership, and who in the organization is ultimately responsible for the final outcomes of the strategic thinking and planning process.

5.2 RESPONSE TO THE ELECTRONIC QUESTIONNAIRE

The following approaches will be utilized to solve the main and sub-problems. A total of 45 questionnaires were e-mailed to as many organizations in the Eastern Cape, employing in excess of 200 employees. A total of 27 responses were completed which equates to 60 per cent response rate. The respondents ranged from senior management predominantly in the human resources departments, but included, managing directors, financial and general managers.

The core reason behind the diverse range of respondents across all departments was to determine whether cross-segment of senior and middle management was adopting and applying transformational leadership principles in the strategic management process.
5.3 QUESTIONNAIRE OUTCOMES

Measuring Transformational (T1) and Transactional Leadership (T2)

Question 1 A
_As a leader I have a primary mission of maintaining stability (T2)._ 

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8 %</td>
<td>20 %</td>
<td>36 %</td>
<td>12 %</td>
<td>12 %</td>
</tr>
</tbody>
</table>

64 % of the respondents felt that maintaining stability was not a primary objective.

Question 1 B
_As a leader I have a primary mission of change (T1)._ 

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>12 %</td>
<td>12 %</td>
<td>12 %</td>
<td>34 %</td>
<td>20 %</td>
</tr>
</tbody>
</table>

64 % of the respondents felt that initiating change was a primary objective.

Question 2 A
_As a leader I must cause events (T1)._ 

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>15 %</td>
<td>15 %</td>
<td>36 %</td>
<td>8 %</td>
<td>12 %</td>
</tr>
</tbody>
</table>

66 % of the respondents felt that it was not their duty to cause events.
Question 2 B

**As a leader I must facilitate events (T2).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>15 %</td>
<td>19 %</td>
<td>8 %</td>
<td>30 %</td>
<td>12 %</td>
</tr>
</tbody>
</table>

57% of the respondents felt that as a leader they must contribute to facilitating events.

Question 3 A

**I am concerned that my followers are rewarded equitably for their work (T2).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8 %</td>
<td>4 %</td>
<td>8 %</td>
<td>42 %</td>
<td>30 %</td>
</tr>
</tbody>
</table>

80% of the respondents, the overwhelming majority, were of the opinion that their followers should be rewarded equitably for work well done.

Question 3 B

**I am concerned about what my followers want in life (T1).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4 %</td>
<td>30 %</td>
<td>42 %</td>
<td>8 %</td>
<td>4 %</td>
</tr>
</tbody>
</table>

76% of the respondents are not concerned with what their followers want in life.
Question 4 A

My preference is to think about the future: What might be (T1)?

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>19 %</td>
<td>27 %</td>
<td>46 %</td>
</tr>
</tbody>
</table>

No respondents fell into the “None or Very Little” category and 46% of the respondents showed a strong preference to think about the future.

Question 4 B

My preference is to think short term: What is realistic (T2)?

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8 %</td>
<td>46 %</td>
<td>26 %</td>
<td>19 %</td>
<td>0 %</td>
</tr>
</tbody>
</table>

46% of the majority did not think much about the short term, whereas only 19% spent a moderate amount of time thinking short term, and none of the respondents indicated very much.

Question 5 A

As a leader I spend considerable energy in managing separate but related goals (T2).

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>0 %</td>
<td>12 %</td>
<td>27 %</td>
<td>23 %</td>
<td>30 %</td>
</tr>
</tbody>
</table>

61% of the respondents spend energy in managing separate but related goals, and 30% indicated “Quite a Bit”.  

64
Question 5 B

As a leader I spend considerable energy arousing hopes, expectations, and aspirations amongst my followers (T1).

None   Very   A   Quite   Very
Little  Little  M  A Bit  Much

0       1       2    3     4      5
8 %     30 %    23 % 23 %   12 %   4 %

Although the above question is an indication of transformational leadership, 76% of the majority were in the “Very Little to Moderate” categories, and only 4% indicated “Very Much”.

Question 6 A

Although not in a formal classroom sense, I believe that a significant part of my leadership is that of a teacher (T1).

None   Very   A   Quite   Very
Little  Little  M  A Bit  Much

0       1       2    3     4      5
0 %     19 %    23 % 23 %   8 %

69 % of the majority proportionately varied from “A Little to Quite a Bit” and indicated that they play the role of a teacher. No respondent indicated “None”.

Question 6 B

I believe that a significant part of my leadership is that of a facilitator (T2).

None   Very   A   Quite   Very
Little  Little  M  a Bit  Much

65
Only 8% of the respondents fell into the outer extremes, and 92% of the respondents were fairly evenly spread in respect to behaving as a facilitator.

Question 7 A

**As a leader I must engage with followers on an equal level of morality (T2).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Little</td>
<td>a Bit</td>
<td>Much</td>
</tr>
</tbody>
</table>


23% 23% 30% 8% 4% 12%

76% of the respondents felt that it was not a requirement, with only 24% expressing that it was relevant.

Question 7 B

**As a leader I must represent a higher morality (T1).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Little</td>
<td>a Bit</td>
<td>Much</td>
</tr>
</tbody>
</table>


8% 4% 8% 30% 19% 30%

79% of the respondents fell into the “Moderate” and two higher categories and 12% indicating “None to Very little”.

Question 8 A

**I enjoy stimulating followers to want to do more (T1).**

<table>
<thead>
<tr>
<th>None</th>
<th>Very A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
</table>


The 58% majority were in the middle categories, with none of the respondents choosing “Very Much,” being a transformational question.

Question 8 B
I enjoy stimulating followers for a job well done (T2).

45% of the respondents enjoy stimulating followers for a job well done and only 4% indicated none at all.

Question 9 A
Leadership should be practical (T2).

69% of the respondents felt that leadership need not necessarily be practical, with only 12% of the view that it should be very practical.

Question 9 B
Leadership should be inspirational (T1).
65% of the respondents felt that leadership should be inspirational to some extent, and only 8% expressing that it was not relevant at all.

**Question 10 A**

What power I have to influence others comes primarily from my ability to get people to identify with me and my ideas (T1).

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>0 %</td>
<td>23 %</td>
<td>30 %</td>
<td>16 %</td>
<td>23 %</td>
</tr>
</tbody>
</table>

Results were evenly spread with 53% indicating “Very Little to a little” and 30% of the majority chose “A Little”.

**Question 10 B**

What power I have to influence others comes primarily from my status and position (T2).

<table>
<thead>
<tr>
<th>None</th>
<th>Very</th>
<th>A</th>
<th>Quite</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little</td>
<td>Little</td>
<td>M</td>
<td>A Bit</td>
<td>Much</td>
</tr>
<tr>
<td>27 %</td>
<td>19 %</td>
<td>15 %</td>
<td>19 %</td>
<td>8 %</td>
</tr>
</tbody>
</table>

46% of the respondents felt that power was completely or marginally unrelated to their status and position.

19% of the respondents indicated “Moderately,” and only 20% expressing power was a result of their status and position.
Question 11 (Measuring Strategic Thinking)

**Every action I take should somehow add value for our customers, clients and the public.**

<table>
<thead>
<tr>
<th></th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>12 %</td>
<td>0 %</td>
<td>16 %</td>
<td>72 %</td>
</tr>
</tbody>
</table>

88 % of the respondents Agree to Strongly Agree.

Question 12

**Let my senior colleagues ponder the future; I have my own immediate job to get done.**

<table>
<thead>
<tr>
<th></th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>16 %</td>
<td>42 %</td>
<td>42 %</td>
</tr>
</tbody>
</table>

84 % of the respondents “Agree to Strongly Agree” that they will let their senior colleagues ponder the future.

Question 13

**Strategic thinking is fluff. Somebody down the organization has to get the job done.**

<table>
<thead>
<tr>
<th></th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>16 %</td>
<td>34 %</td>
<td>50 %</td>
</tr>
</tbody>
</table>

84 % of the respondents “Agree to Strongly Agree” that strategic thinking is “fluff” and as indicated above in the previous Q. 12, they will rather let their senior colleagues ponder the future and create vision.
Question 14
A company cannot become great without an exciting vision shared by all employees.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>4 %</td>
<td>0 %</td>
<td>42 %</td>
<td>54 %</td>
</tr>
</tbody>
</table>

Contrary to the previous responses, 96 % of the respondents “Agree to Strongly Agree” that a company needs an exciting vision, which is shared by all.

Question 15
What I do on the job each day can affect the performance of the company in years to come.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
<td>4 %</td>
<td>50 %</td>
</tr>
</tbody>
</table>

An overwhelming 96 % of the respondents “Agree to Strongly Agree” that what they do today can affect the company in the future.

Question 16
It is pointless to develop skills that cannot help you on the job within the next month.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>8 %</td>
<td>23 %</td>
<td>69 %</td>
</tr>
</tbody>
</table>

69 % of the respondents “Strongly Agree” that to develop skills that cannot help you on the job within the next month is fruitless.
Question 17
Strategic planning should be conducted in a separate department rather than involve all staff.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>12 %</td>
<td>0 %</td>
<td>35 %</td>
<td>53 %</td>
</tr>
</tbody>
</table>

53% of the respondents “Strongly Agree” and 35% “Agree”. Only 12% “Disagree”

Question 18
It makes good sense for senior management to ask themselves: “What business are we really in?”

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
<td>42 %</td>
<td>58 %</td>
</tr>
</tbody>
</table>

58% of the respondents “Strongly Agree” and 42% of the respondents “Agree” with the above question.

Question 19
If a firm does a superb job of satisfying its clients, there is little need to worry about changing the mix.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>0 %</td>
<td>20 %</td>
<td>34 %</td>
<td>46 %</td>
</tr>
</tbody>
</table>

46% of the respondents “Strongly Agree,” 34% of the respondents “Agree,” and 20% are “neutral”.
Question 20

Organizational visions remind me of pipe dreams and hallucinations.

<table>
<thead>
<tr>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>0 %</td>
<td>4 %</td>
<td>8 %</td>
<td>28 %</td>
<td>60 %</td>
</tr>
</tbody>
</table>

60 % of the respondents indicated that they “Strongly Agree” that organizational visions are a waste of time. It conflicts with certain responses that were received when measuring transformational leadership styles.
5.4 REGRESSION ANALYSIS AND GRAPHS

![Graph of Transformational (T1) & Transactional (T2) Leadership Style](image)

\[ y = 38.373 + 0.538x \]

\[ R^2 = 0.2558 \]

\[ \begin{align*}
\sum x &= 704 \text{ points} \\
\sum x^2 &= 19578 \text{ points} \\
\sum y &= 619 \text{ points} \\
\sum y^2 &= 15321 \text{ points} \\
n &= 26 \\
s_x &= 4.54 \text{ points}
\end{align*} \]

\[ \text{Variance} = 20.63 \text{ points} \]

**Variance**

The variance is the average squared distance of each data point from the mean. It is a better measure of dispersion (variability) as it takes the values of all the data points into account so that we can see whether there is a clustering around a central point. It has the advantage of considering each data point but is not useful...
for calculation purposes as it is measured in square units e.g. $R^2$, cars$^2$ etc and these are not always meaningful.

**Coefficient of Variation**

Since the standard deviation of a set of data is measured in the units of that data, it is not possible to directly compare one $s$ with another to determine which shows the greater dispersion or variability. We have to transform the measure of dispersion into a standard unit i.e. percentages. We calculate the coefficient of variation by dividing the standard deviation by the mean and writing it as a percentage i.e.

$$CV = \frac{s}{\bar{x}} \times 100$$

$$= 16.776\%$$

As a rough guide, if this is larger than approximately 20% we can regard the data as inconsistent i.e. the individual answers vary greatly from one another. The coefficient of variation of the example is 16.776 %, which indicates that the data is consistent.

**Pearson’s correlation coefficient**

$$r = \frac{n\Sigma xy - \Sigma x\Sigma y}{\sqrt{[n\Sigma x^2 - (\Sigma x)^2][n\Sigma y^2 - (\Sigma y)^2]}}$$

$$= - 0.5057 \times 100 = -50.75\%$$

This relationship shows a strong, negative linear relationship between a transformational and transactional leadership style. If the coefficient is negative, it means that we have a negatively skewed distribution, a distribution skewed to the left or one where the outliers are smaller than the typical answer. In this case the mean and the median are very close, 27 - 27.07 points. In this instance r is negative, meaning that an increase in X (Transformational) will result in a decrease in Y (transactional).
Coefficient of determination:
\[ r^2 = 0.2558 \times 100 \]
\[ = 25.58\% \]
In the above, \( r^2 = 25.58\% \) which is reasonably far from “0” which means that a 25.58% change in the score of the transactional leadership style is due to a change in the increased score of the transformational leadership style. A low value does not necessarily indicate that there is a weak correlation.

\[ a = \frac{\Sigma y - b \Sigma x}{n} \]
\[ a = 38.37 \]

\[ b = \frac{n \Sigma xy - \Sigma x \Sigma y}{n \Sigma x^2 - (\Sigma x)^2} \]
\[ b = -0.538 \]

**Transformational and Strategic Thinking Analysis**

\[ y = a + bx \]
\[ 20 \leq x \leq 37 \]
\[ x = 27.07 \text{ points} \]
Me = 27
Σx = 704 points
Σx² = 19578 points
Σy = 619 points
Σy² = 15321 points
n = 26
sx = 4.54 points
Variance = 20.63 points
CV= s / x * 100
= 16.776%

**Pearson’s correlation coefficient**

\[
 r = \frac{n\Sigma xy - \Sigma x \Sigma y}{\sqrt{[n\Sigma x^2 - (\Sigma x)^2][n\Sigma y^2 - (\Sigma y)^2]}}
\]

= 0.1652 * 100 = 16.52%

**Coefficient of determination:**

\[
 r^2 = 0.0273 * 100
\]

= 2.73 %

\[
a = \frac{\Sigma y - b\Sigma x}{n}
\]

\[
a = 40.4856
\]

\[
b = \frac{n\Sigma xy - \Sigma x \Sigma y}{n\Sigma x^2 - (\Sigma x)^2}
\]

\[
b = 0.1368
\]
y = a + bx  
\[ 12 \leq x \leq 33 \]

x = 23.80 points  
Me = 23.5  
\[ \Sigma x = 619 \text{ points} \]  
\[ \Sigma x^2 = 15321 \text{ points} \]  
\[ \Sigma y = 1149 \text{ points} \]  
\[ \Sigma y^2 = 51131 \text{ points} \]  
\[ n = 26 \]  
\[ sx = 4.83 \text{ points} \]  
Variance = 23.36 points  
CV = \[ \frac{s}{x} \times 100 \]  
= 20.301 %  

**Pearson’s correlation coefficient**

\[ r = \frac{n \Sigma xy - \Sigma x \Sigma y}{\sqrt{\left[n \Sigma x^2 - (\Sigma x)^2\right] \left[n \Sigma y^2 - (\Sigma y)^2\right]}} \]
\[ \text{Coefficient of determination:} \]
\[ r^2 = -0.0594 \times 100 = 5.94\% \]

\[ a = \frac{\sum y - b \sum x}{n} \]
\[ a = 45.294 \]

\[ b = \frac{n \sum xy - \sum x \sum y}{n \sum x^2 - (\sum x)^2} \]
\[ b = -0.0462 \]

### 5.5 RESEARCH FINDINGS

As reflected in the above results this study did not capture the situational factors that so often present themselves and are strong enough to mare or even override the correct style of leadership that should be adopted in the given situation. Further, experience, training, personality attributes and success requirements of the mangers and executives were not assessed in relation to other related concepts.

Dubrin (2004: 199) cites a study by Leanne E. Atwater and Francis J. Yammarino. Bases of power, both personal and positional, relate to transformational and transactional leadership. Questionnaires were used to measure bases of power as well as perception of transformational and transactional leadership. Of particular interest here, analysis of the data revealed that personal power, both referent and expert, was related to transformational leadership.

This is in contrast to the responses received for the questions relating specifically to power and transformational leadership, and an indication that numerous South
African Managers have not completely grasped the difference between, and the importance of alternating along the transactional and transformational leadership styles continuum. The leaders who indicated that they do adopt a transformational manner assume that their peers will also perceive them as having a variety of positive bases of power.

Findings of this study indicate that the strategic thinking component of the strategic planning process shows that both sets data is scattered when measuring the correlation between a transformational leader and strategic thinking, and when compared to the correlation between a transactional leadership style and strategic thinking. It is ironic that the results reveal a predominantly transactional mindset, with the majority of the respondents still however scoring exceptional high scores in the strategic thinking section of the questionnaire. It can be interpreted as though the respondents aspire to be more transformational by way of scoring higher for strategic thinking, and their immediate superiors will thus see them as having certain transformational qualities.

Transformational leaders are also more likely to embark on boosting employees’ strategic thinking process, motivational levels and performance, regardless of their level of responsibility and seniority. The research indicates that such transformational qualities do stimulate performance of lower level employees and result in employees feeling more content in their work environment.

The results show that a transactional style of leadership of managers and executives is not significantly related to the industries in which they operate. Many South African organizations continue to be heavily weighted towards adopting a more transactional leadership approach, specifically, when required to manage lower level employees and factory staff. An important implication of the study is that it does not conclusively indicate that the current management surveyed behave in a transformational manner and are viewed as having a variety of positive bases of power.

Although strategic thinking continues to be perceived as a top management function, the findings in this study show that a transactional leadership style does
not independently incorporate or have a major influence on the strategic planning process. As a result, senior managers need to constantly search for space and flexibility in the process of delegating tasks, which appears to be more balanced and complementary through a combination of transformational and transactional styles.

When senior management employs a combination of transformational, transactional and charismatic leadership styles and utilizes inspiration, vision and intellectual stimulation, they will elicit positive reactions from employees.

5.6 CONCLUSION

The interactions of transactional leadership style and followers' performance and satisfaction require further studying. Transformational leadership is primarily associated with change management. Contrary to the research findings, which indicated that only 24% of the respondents felt that leaders are in fact required to cause events. The majority of the respondents did not spend considerable energy arousing hopes, expectations, and aspirations amongst their immediate followers but felt that they were to perform the role of a teacher.

By adopting a combination of leadership styles to the situation, the attention that managers give to their employees will be reflected in their general positive attitude towards achieving the strategic objectives; which in turn, increases job satisfaction, assists in nurturing a healthy and adaptive corporate culture, and facilitates performance throughout the organization.

Executives and managers with an emphasis on long-term strategy, wide communication and acceptance of their visions, and situational leadership styles are the most likely to be successful in creating change within their organizations. One reason for this conclusion is that this small group of senior executives included in the survey sample, scored highest on questions about perceived firm change and future direction.
The researcher is therefore able to support the question posed in the main problem in that a transformational leadership style of a senior manager is more conducive and positively related to attaining a more favourable outcome in the strategic planning process when compared to adopting a transactional approach.

All leaders in all levels of an organization should be the people who are responsible for formulating and implementing a specific strategy. They are the ones deciding what they are going to do and then actually figuring out how to go about it. That involves having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and then being able to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats.
Chapter 6

RECOMMENDATIONS

6.1 INTRODUCTION

In this final chapter conclusions are based on what effective combination of transformational and transactional leadership styles is required, and which of the two styles are more applicable with regards to the strategic thinking process in an effort to facilitate and achieve the goals of the strategic planning process.

The objective of the research is to determine the role and significance of leadership in the strategic process and what style of leadership or combinations thereof will facilitate a positive outcome.

6.2 CONCLUSIONS

The concept of leadership has seen something of a refurbishing over the past few years. It now seems that we expect our leaders to be inspiring and humane as well as highly effective decision makers and change agents. These changes are occurring on an international scale and previous research reflects this.

The following conclusions were reached based on the results of the empirical study in Chapter 5:

- The focus of the transformational approach is on exploration, innovation and effective business performance in a modern, ever-changing business environment. It is as much about inspiring others as it is about maintaining the organisation’s competitive advantage in the current economic climate.

- The research reveals how managers with different leadership styles, predominantly transactional, exert very little influence on the development and incorporation of scenarios as part of the strategic planning process.
• Displaying a high morality was also prominent on the rankings, with the majority of the respondents also feeling the need to contribute towards stimulating followers to do more.

• The research revealed that transformational leadership needs to be inspirational with the ability to influence followers by motivating them to identify with the leader and ideas being presented.

• The vast majority of the respondents were of the view that strategic thinking was for their senior colleagues to ponder the future and create vision. In addition, it should be conducted separately, and in another department.

• The leaders are not entirely committed to developing themselves and those around them. They need to thrive at the edge of chaos and utilize collaborative influence to direct control. They must start to lead, as they would like to be led.

• Organizations will benefit in the medium to long term by actively training their managers to acquire transformational leadership qualities and skills.

6.3 RECOMMENDATION

Areas deserving attention include the relationship between leadership styles, company long-term profitability and corporate culture, and independently measured performance, especially so in the municipal, local and national governmental departments, and in the private sector of the economy. Also worthy of academic attention is the assessment of effects that experience, skills levels or the lack thereof, and career aspirations have on perceptions of leadership in South African organizations.

The South African political and economical environment is presently, more than ever, conducive to the transformational leadership style due to the dynamic changes occurring within the country. The author is of the opinion that for the
outcome of the strategic planning process to become favourable, it is an absolute necessity to get the entire company staff compliment to be part of the vision and final planning process.

In addition, the employee satisfaction relationship and transformational leadership can be further explored. By way of example, how would task structure and team dynamics impact on their satisfaction levels when cultural change becomes necessary due to an increase in global competitiveness?

As a result of government legislation regarding the Employment Equity policies this past decade, such a study will become even more relevant in light of the BEE policy that the government is implementing so vigorously. This multi-cultural environment presents promising opportunities for cultural leadership studies. In this regard, South Africa is an ideal testing ground, as it is slowly becoming a flourishing country where a very large percentage of the senior expatriate executives are returning, albeit on a contractual basis.

But transformational leaders are not only found: they can be made, and yes, it does seem that the transformational style can be taught. Given the will to learn, some personal insight and the right direction, the research suggests that all of us can take our leadership capability to the next level.

The author believes that as the understanding of leadership in South Africa continues to grow amidst the rapidly changing labour laws in which leaders are expected to work, that there will be an increasing focus on:

- Morals and ethics in leadership, which are currently at an all time low.
- Styles of thinking adopted by both private and political leaders.
- Leading culturally, religiously and politically diverse people.

The author is of the view that a re-introduction of models that highlight the dual and complimentary roles of simultaneously leading and managing, will become even more prevalent amongst future South African leaders who are to be responsible for instituting change, which is both morally and ethically acceptable to the majority.
6.4 CONCLUSION

Present day models of leadership are based on a range of cross-cultural studies. Transformational leadership is the latest and perhaps best received of these models and certainly within the realms of business psychology.

Transformational leadership is a vital role for effective senior managers because leader effectiveness determines the success level of the organization. By becoming familiar with the transformational leadership approach and combining the other styles of leadership, South African managers can become more effective leaders in the business world.

Because transformational leadership covers a wide range of aspects within leadership, there are no specific steps for a manager to follow. Becoming an effective transformational leader is a process that requires both coaching and mentoring of potential leaders on behalf of the organization. This means that a conscious effort must be made to adopt a combination of leadership styles in the culturally diverse organizations operating within South Africa so that it no longer has to be labelled as one of the Developing States of Southern Africa. It will require great leadership: merely average to good leadership will not transform and elevate the country into achieving new status as a Developed Country.

The best strategic planning should not be limited to solely top management but can be done by those leaders in all managerial levels who are most intimately associated with the strategic work of the organization. The corporate culture reflects the organization’s past and is often deeply rooted in its history and mythology. It is generally agreed that an effective corporate culture can result in superior performance. However, changing the corporate culture is often very difficult because the culture is based upon past success. This can lead to the firm’s decline, stagnation, or even ultimate demise unless the culture is adapted to the strategic plans.
Transformational leaders need not only to be found: they can be made through effective coaching and mentoring programmes. Yes, with the appropriate senior management involvement, it seems the transformational style can be taught to both senior and lower level employees. Given their will to learn, some personal insight and the right direction, the research suggests that all of us can take our leadership capability to the next level.
LIST OF REFERENCES


Measuring Transformational and Transactional Leadership, and Strategic Thinking

Hellriegel and Slocum (1996:470) state that many now believe that the type of leadership needed by top managers for tomorrow’s organizations is what has been labeled transformational. Transformational leadership is leading by motivating; Transformational leaders provide extraordinary motivation to followers’ ideals and moral values and inspiring them to think about problems in new ways. Transformational leadership influence rests on their ability to aspire others through their words, visions, and actions. In essence, transformational leaders make tomorrows dreams a reality for their followers.

For each of the following 10 pairs of statements, divide 5 points between the two according to your beliefs or perceptions of yourself, or according to which two of the statements characterize you better. The 5 points may be divided between the A and B statements in any one of the following ways:
5 for A, 0 for B; 4 for A, 1 for B; 3 for A, 2 for B; 1 for A, 4 for B; 0 for A, or 5 for B, but not equally between the two.

For Questions 11 - 20 choose the most appropriate ranking for each statement.

<table>
<thead>
<tr>
<th></th>
<th>0 = none; 1 = very little; 2 = a little; 3 = moderate amount; 4 = quite a bit; 5 = very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.A</td>
<td>As a leader I have a primary mission of maintaining stability.</td>
</tr>
<tr>
<td>1.B</td>
<td>As a leader I have a primary mission of change.</td>
</tr>
<tr>
<td>2.A</td>
<td>As a leader I must cause events.</td>
</tr>
<tr>
<td>2.B</td>
<td>As a leader I must facilitate events.</td>
</tr>
<tr>
<td>3.A</td>
<td>I am concerned that my followers are rewarded equitably for their work.</td>
</tr>
<tr>
<td>3.B</td>
<td>I am concerned about what my followers want in life.</td>
</tr>
<tr>
<td>4.A</td>
<td>My preference is to think about the future: What might be?</td>
</tr>
<tr>
<td>4.B</td>
<td>My preference is to think short term: What is realistic?</td>
</tr>
<tr>
<td>5.A</td>
<td>As a leader I spend considerable energy in managing separate but related goals.</td>
</tr>
<tr>
<td>5.B</td>
<td>As a leader I spend considerable energy arousing hopes, expectations, and aspirations amongst my followers</td>
</tr>
</tbody>
</table>
6.A Although not in a formal classroom sense, I believe that a significant part of my leadership is that of a teacher.

6.B I believe that a significant part of my leadership is that of a facilitator.

7.A As a leader I must engage with followers on an equal level of morality.

7.B As a leader I must represent a higher morality.

8.A I enjoy stimulating followers to want to do more.

8.B I enjoy rewarding followers for a job well done.

9.A Leadership should be practical

9.B Leadership should be inspirational.

10.A What power I have to influence others comes primarily from my ability to get people to identify with me and my ideas.

10.B What power I have to influence others comes primarily from my status and position.

SD=strongly disagree, D=disagree, N=neutral, A=Agree, SA= strongly agree

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Every action I take should somehow add value for our customers, clients and the public.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>Let my senior colleagues ponder the future; I have my own immediate job to get done.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Strategic thinking is fluff. Somebody down the organization has to get the job done.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>A company cannot become great without an exciting vision shared by all employees.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>What I do on the job each day can affect the performance of the company in years to come.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>16</td>
<td>It is pointless to develop skills that cannot help you on the job within the next month.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>17</td>
<td>Strategic planning should be conducted in a separate department rather than involve all staff.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>18</td>
<td>It makes good sense for senior management to ask themselves, &quot;What business are we really in?&quot;</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>19</td>
<td>If a firm does a superb job of satisfying its clients, there is little need to worry about changing the mix.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>20</td>
<td>Organizational visions remind me of pipe dreams and hallucinations.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

SD: strongly disagree, D: disagree, N: neutral, A: Agree, SA: strongly agree

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>TRANSFORMATIONAL SUB TOTALS: 1B, 2A, 3B, 4A, 5B, 6A, 7B, 8A, 9B, 10A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>T2</td>
<td>TRANSACTIONAL SUB TOTALS: 2, 4, 6, 8, 10, 12 &amp; 14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>S3</td>
<td>STRATEGIC THINKING SUB TOTALS: Q 15 - 24</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Scoring and Interpretation - Transformational (T1) and Transactional (T2) Leadership Styles

Calculate the score for each set of questions. Circle your points for items 1B, 2A, 3B, 4A, 5B, 6A, 7B, 8A, 9B, 10A and add up the total points and enter the score. Transformational (T1)
Next, add up the total points given to the uncircled items 1A, 2B, 3A, 4B, 5A, 6B, 7A, 8B, 9A, 10B and enter the score. Transactional (T2)
The instrument gives an impression toward "transformational" leadership and "transactional" leadership. Transformational Qualities relate to creating and inspiring vision and has to do with whether you think about the future and whether you engage others in future/scenarios/etc. and the desire for extraordinary accomplishment in followers. Transactional leadership is about the extent to which you communicate, allocate the work, and provide rewards for activities that achieve the vision. Successful leaders need to be strong on both.

Scoring and Interpretation - Strategic Thinking

Sum the point values for each question.
A score of 42 - 50 suggests that you think strategically, which should help you provide strategic leadership to others
Scores of 20 - 41 suggest a somewhat neutral, detached attitude toward thinking strategically.
Scores of 10 - 19 suggest thinking that emphasizes the here and now and the short term.
Scores of 10 - 19 suggest thinking that emphasizes the here and now and the short term.

Adapted from the following sources: